

A PRESIDENT ON TRIAL

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Clinton's Fate Is Now in Hands of the Senate

Iraq Mission Over, But U.S. and U.K. Remain on Alert

By Brian Knowlton
International Herald Tribune

WASHINGTON — The United States and Britain said Sunday that a four-day mission of air strikes at Iraq had been successfully completed, but they added that they would retain substantial forces in the region and would stand ready to attack again if President Saddam Hussein tried to rebuild his weapons arsenal.

Secretary of State Madeleine Albright called the four waves of strikes over a 70-hour period a "successfully accomplished mission." She said Mr. Saddam's ability to threaten his neighbors, and to manufacture and deliver weapons of mass destruction had been "severely degraded." But Mrs. Albright added, "We reserve the right to use force again."

Iraq said that 68 people had been killed in the raids on targets in Baghdad and elsewhere. The United States and Britain reported no casualties.

The punishing air campaign, which began a day before the U.S. House of Representatives was set to debate President Bill Clinton's impeachment and ended on the day he was impeached, brought sharp questioning and expressions of anger

• More about the attack on Iraq. Pages 2 and 3.

and cynicism from some of the president's domestic critics, and all but his closest foreign allies.

Amid widespread French criticism of the raids, President Jacques Chirac proposed a review of the international oil embargo in place against Baghdad since 1990.

Russia recalled its ambassadors to the United States and Britain in protest. President Boris Yeltsin called the attacks "senseless and illegal."

There were also questions about what had been accomplished, about what would come next and about the long-term U.S. and British strategies against an Iraqi leader who has survived every form of pressure, foreign and domestic.

Those doubts were underscored when the Iraqi government vowed Sunday that it would resume all future cooperation with the UN Special Commission, or Unscim, which was created at the end of the Gulf War to monitor the destruction of banned Iraqi weapons and to ensure that they would not be rebuilt.

Without those inspectors within Iraq, efforts to control Iraqi weapons activities will rely largely on aerial surveillance and the ability to renew air strikes, acknowledged Defense Secretary William Cohen and the chairman of the Joint Chiefs of Staff, General Henry Shelton.

Mr. Saddam, in a speech broadcast to the country, proclaimed victory in the confrontation. Iraq had offered almost no resistance to the overwhelming air attack, the most substantial since the Gulf War.

Mrs. Albright and other members of Mr. Clinton's national security team said the strikes were the best way to contain Mr. Saddam's military threat, in the absence of an effective inspection program. Mr. Saddam's weapons programs had been set back by a year or more, they said.

As a result of the mission, Mrs. Albright said on NBC television, "Saddam Hussein is weaker, because all the

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With Bombing Finished, Hunt for a Policy Begins

Security-Council Consensus on Iraq Is Broken

By Steven Erlanger
New York Times Service

WASHINGTON — While American officials went on television on Sunday to report the military achievements of four nights of air attacks against Iraq, there is considerably less clarity about U.S. strategy now.

There is no question that President Saddam Hussein's military capacity has been "degraded," to use the Clinton administration's low-ball word of choice, but it is not clear how degraded, or for how long.

But it is certain that Mr. Saddam retains the capacity and the scientists to produce biological and chemical weapons, which do not need to be delivered by sophisticated missile and cannot be eliminated by air strikes.

And what is abundantly clear is that Mr. Saddam has emerged from the rubble like a jack in the box, alive and shouting defiance, his position strengthened in Arab public opinion simply by his survival against the high-tech onslaught of Britain and especially the United States, Israel's prime ally.

If Mr. Saddam's regime and his grip on power have been "shaken" by these air strikes, as senior U.S. officials privately hoped, there was no immediate indication that he is about to fall, and the Security Council's diplomatic consensus around Iraq has again been broken.

President Jacques Chirac of France called Sunday for a "fundamental review" of the entire UN policy toward Iraq, including the replacement of the Unscim weapons inspection regime, and even Prime Minister Tony Blair of Britain said frankly: "We need a future strategy."

The gap between policy goals (getting rid of Mr. Saddam and eliminating Iraq's program of weapons of mass destruction) and policy tools (with Unscim probably finished, air power imperfect and the Security Council split) seems wider than ever.

American and British confusion about what to do next was evident in new calls Sunday by Mr. Blair, President Bill Clinton and Secretary of State Madeleine Albright for Mr. Saddam to let Unscim back into Iraq, but under undefined but somehow clearer and more enforceable rules.

Such calls seemed a bit disingenuous, given that U.S. and British officials have lost any confidence that Mr. Saddam ever intends to work fully with Unscim and let the United Nations disarm Iraq. Mr. Blair, indeed, called Mr. Saddam "a serial liar." Nor do the officials think that the UN is capable of restraining Mr. Saddam's ambitions.

But Washington and London know that the only way to justify military action against Iraq — and officials of both countries say future air strikes are possible early next year — is in the name of specific Security Council resolutions passed during and after the 1991 Gulf War. Those resolutions not only created



President Clinton speaking after the vote in the House.

White House Promises a 'Vigorous Defense'

By Peter Baker and Juliet Eilperin
Washington Post Service

WASHINGTON — A day after the House of Representatives impeached the president of the United States, senators on Sunday began sketching the outlines for the conduct of his trial and the White House vowed to wage a "vigorous defense."

The Senate will open its trial after the new congress convenes on Jan. 6. While the Senate could then vote by a simple majority to adjourn the trial and seek another outcome, possibly a motion to censure the president, key senators said Sunday that that scenario appeared unlikely.

"I just don't think that's going to happen," said Senator Don Nickles, Republican of Oklahoma, the assistant majority leader.

On Saturday, the Republican-led House voted, by 228 to 206, largely along party lines, to approve the first article of impeachment, which accused the Democratic president of lying before a grand jury about his affair with a White House intern. Lawmakers went on to pass another article charging that he tampered with witnesses and helped hide evidence, but rejected two articles on perjury and abuse of power.

A solemn, all-Republican delegation led by the Judiciary Committee's chairman, Representative Henry Hyde of Illinois, then marched across the Capitol to deliver the articles of impeachment to the secretary of the Senate.

At the same time, scores of restive House Democrats piled into buses to drive up Pennsylvania Avenue and rally around their embattled leader at the White House. He is the second U.S. president to be impeached, after Andrew Johnson 130 years ago.

Emerging from the Oval Office with Hillary Rodham Clinton on his arm and Vice President Al Gore at his side, the president stood with his Democratic defenders and assailed the partisan vote against him. Brushing aside calls for resignation, Mr. Clinton vowed to serve "until the last hour of the last day of my term."

The votes in the House came just hours after the newly anointed speaker, Representative Bob Livingston, Republican of Louisiana, called on Mr. Clinton to resign and then, abruptly and unexpectedly, took his own advice.

"I must set the example that I hope President Clinton will follow," Mr. Livingston said, announcing he would step down because of the extramarital affairs he had reluctantly revealed on the eve of the impeachment debate.

Rarely has the capital been so whipsawed by events, as the nation's top leadership was left in disarray at the same time that U.S. military forces mounted a fourth and final day of bombing against Iraq.

Perhaps the last time a single day combined twin moments of history like this was Jan. 20, 1981, when Ronald Reagan was sworn in as president just minutes before 52 American hostages in Iran were allowed to fly to freedom.

Unlike that dramatic day, few in Washington found much to celebrate on Saturday. What started out as an indiscreet dalliance with Monica Lewinsky, an 18-month series of casual sexual encounters and racy telephone calls, had unleashed the full force of a constitutional crisis.

Now, the impeachment and pending trial of a president who remains popular with the public may redefine the relationship between executive and legislative branches for decades to come. And shellshocked lawmakers found themselves struggling to make sense of a new politics of turmoil that, to

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What Happens Now? The Political Path Is Uncertain

By R. W. Apple Jr.
New York Times Service

WASHINGTON — The only thing certain now is uncertainty.

The smart money shouts that President Bill Clinton will never resign, and he concurs. The smart money argues that the Senate could not muster the 67 votes that would be needed to remove the wounded president from office, which would require the defection of 12 Democrats if all the Republicans stand against him. The smart money insists that someone will cut a deal to end all this.

Maybe so. But the smarter money whispers, "Remember."

Remember that everyone in Washington, including Representative Henry Hyde, Republican of Illinois, the chairman of the Judiciary Committee, said the House would never, ever, treat impeachment as a partisan issue. Wrong.

Remember that all the pundits predicted Democratic losses in the midterm elections, and when the opposite happened, they said impeachment was dead. Twice wrong.

And remember that in the New Year the nation may travel down a road it has never traveled before. One other president, Andrew Johnson, has been tried by the Senate, of course. But that happened more than a century ago in a different country — one with only 37 states, with primitive communications, with a simple economy based largely on agriculture, with only minimal commitments abroad.

In the toxic politics of century's end in Washington, the inconceivable has become the commonplace.

The wholly unexpected announcement Saturday morning by Representative Bob Livingston, Republican of Louisiana, that he would not serve as speaker and would resign from Congress, following his equally unexpected disclosure on Thursday night of several extramarital affairs, only deepened the capital's profound sense of insecurity.

The deadly sweep of the scythes of neo-punitarianism appears unstoppable, at least for the moment, and Mr. Livingston's forthcoming resignation will increase the pressure on the president to do likewise.

"You've set before us an example," the leader of House Republican majority, Representative Dick Armey of Texas, told Mr. Livingston on Saturday. "The example is that principle comes before power."

The Democrats made the opposite point, arguing that the Livingston case showed how very wrong it was to savage people for personal peccadilloes.

One transcendently important thing remains the same: Although surrounded by judicial trappings and presided over by the chief justice, trials of presidents are political processes, with power residing in the hands of elective politicians. In addition to narrow legal issues of guilt or innocence, they can weigh considerations of party, the nation's future, their own individual political well-being and almost anything else they care to weigh in reaching a verdict. The longer they took, the

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Speaker-Elect Bows Out

• Bob Livingston, who would have been the next House speaker, announced that he would resign from Congress. Page 7. • The White House strategy will be to argue that the Republicans are shutting down the government. Page 7. • When a pornographer can bring down the incoming House speaker, something has changed in the media and political culture. Page 7. • Mr. Clinton's job approval rating climbs over the 70 percent mark, according to a poll. Page 6. • Who were the lawmakers who broke party ranks in the impeachment vote? Page 6. • Many Americans were disgusted; others were satisfied. Page 7. • Text of Articles of Impeachment. Page 6.

White House Hopes That Senators Will Warm to Censure

By Helen Dewar and Ceci Connolly
Washington Post Service

WASHINGTON — With the impeachment battle lost in the House, President Bill Clinton is voicing hope that the Senate will embrace censure, but the prospect of reaching the kind of compromise preferred by the White House faces a variety of political and logistical hurdles.

White House aides said over the weekend that they hoped some kind of censure compromise might be worked out over the next several weeks, though they cautioned that there were limits to what they would accept. And if negotiations are unsuccessful, one adviser said, Mr. Clinton intends to wage a vigorous defense that could take months.

"He's going to get his due," the Clinton adviser said. "If this goes to trial, we're going to have a full trial, and we'll show what this whole thing has been about from day one."

At least a half-dozen Republican senators say they are open to some kind of censure, underscoring how the idea seems to have more traction in the Senate than it did in the House. Senators are amenable to the idea because of the difficulty of getting the two-thirds majority needed to remove the president under the Constitution; Republicans hold a 55-to-45 advantage in the Senate, and few Democrats appear likely to push to convict Mr. Clinton.

Senators of both parties also wish to avoid a contentious trial that could sour public opinion and cripple any hopes of approving major legislation. Some Republicans are worried that dragging out the process could damage the party politically.

"The Senate is the appropriate place to consider censure," said Senator William Frist, Republican of Tennessee, echoing the views of many members of both parties. "Our role will be to either convict or not convict, but while that process is going on, consideration of alternative punishments should be discussed."

The chairman of the Senate Judiciary Committee, Orrin Hatch of Utah, is also receptive to some other sanction if there is no chance of a two-thirds majority for conviction.

"We should take a hard count right at the beginning," Mr. Hatch said, adding that if there were 34 or more senators who would not vote to convict Mr. Clinton, then "why put the country through this?"

But the situation is complicated because some senators believe that the U.S. Constitution requires a full-blown trial, and the Senate majority leader, Trent Lott, Republican of Mississippi, last week ruled out any "deal-making" early in the proceedings.

"Senators will be prepared to fulfill their constitutional obligations," Mr. Lott said Saturday after the House approved two articles of impeachment against Mr. Clinton.

Mr. Lott said pretrial proceedings would not begin until after the Senate reconvened on Jan. 6. He said it was not possible yet to say when a trial would start.

"The timing will depend greatly on the president and his lawyers," Mr. Lott said, apparently reflecting concern among

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Sailors scrubbing the deck of the aircraft carrier Enterprise in the northern Gulf on Sunday, as flights were suspended after military operations against Iraq came to an end.

AGENDA

Japan Says Economy Is Shrinking 2.2% This Year

Japan's government slashed its forecast Sunday for economic performance this year, predicting a contraction of 2.2 percent as the country battles its worst postwar recession.

The government had previously predicted a 1.8 percent contraction in gross domestic product in the year ending March 31.

However, the government predicted that the

economy would grow 0.5 percent in the next fiscal year, which ends in March 2000.

Finance Minister Kiichi Miyazawa conceded that returning to growth by 2000 would be difficult.

"It will not be a figure that can be attained easily," Mr. Miyazawa said of the 0.5 percent growth target. Page 13.

China Expels Labor Activist

A Chinese labor activist was released from prison and exiled to the United States on Sunday. Liu Nianchun, 50, was freed six months before the end of his sentence, which was being carried out in a labor camp in northeastern China. His wife, Chu Hailan, who had campaigned for his release, accompanied Mr. Liu to America along with their 11-year-old daughter. Page 5.

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Attack on Iraq / Assessing the Damage



In a televised briefing Sunday, Mr. Blair outlined a strategy to keep Saddam Hussein "in his cage."

Blair Urges Critics to Accept 'Reality' of Using Armed Force

By Warren Hoge
New York Times Service

LONDON — In a tough-talking assessment of the air attacks on Iraq, Prime Minister Tony Blair urged doubters and critics on Sunday to understand the new "global reality" that modern diplomacy must be backed up by force.

"I recognize that not everyone around the world has welcomed this action," he said in an apparent reference to the angry reactions of China and Russia and the unsettled response from European allies such as France and Italy. "But I believe at heart that most know its necessity."

Saying he was determined to build a broad consensus on dealing with Iraq, Mr. Blair added that even countries that had withheld approval and support for the campaign "fully accept that Saddam

has to be watched, has to be contained and that the whole of the world community has to be engaged in that process."

Mr. Blair, leader of the only country to join the United States in the four days of air strikes, used a televised address on Sunday not just to list the mission's accomplishments but to put forth an earnest justification of the raids and the need to be prepared for additional action in the future.

Britain, he announced, is sending the aircraft carrier *Invincible* to the Gulf to reinforce its Tornado jets based in Kuwait. The ship will arrive in late January at the end of the Muslim holy month of Ramadan. "The sending of the aircraft carrier is a very big signal that we are not going away," said Defense Minister George Robertson, who appeared at the briefing with Mr. Blair, Foreign Secretary Robin Cook and Gen-

eral Sir Charles Guthrie, chief of the defense staff.

Mr. Blair said he saw no need for any new United Nations authorization to strike Iraq in the future, and he turned aside talk of easing sanctions, saying that the program should instead be "as rigorous as we can make it." He pledged to intercept more traffic in the Gulf, arguing that it was being used by Saddam Hussein to circumvent sanctions.

Mr. Blair said the objective now was to contain Mr. Saddam, and he used a metaphor that he has employed all week, saying the Iraqi leader must be kept "in his cage." He rejected the argument that this policy was a poor substitute for eliminating Mr. Saddam entirely. "I do not accept it for an instant," he said.

Of the achievements of the past days, the two that Mr. Blair and the officials

cited most frequently were the destruction of hangars housing pilotless drone planes designed to spray deadly anthrax and the bombings of barracks and a brigade headquarters of the elite Republican Guard troops who protect Mr. Saddam. Sir Charles showed film of both strikes.

"We need a future strategy," Mr. Blair said, noting that it was unlikely United Nations weapons inspectors would be permitted back into the country. Unless Iraq showed a "completely different order of readiness" to cooperate, he said, the focus would now be on the proven threat of force and heightened aerial surveillance to compensate for the absence of the UN monitors. "We will know what is happening, and whether Saddam is yet again getting into a position to threaten others," Mr. Blair said. "If he is, he knows what to expect."

He said that Britain would "continue to engage with the Iraqi opposition to help them develop their vision of a better Iraq." Many Iraqi opposition groups are based in London.

As he has all week, Mr. Blair lashed out at the theory that the timing of the strikes had been predicated on President Bill Clinton's desire to forestall impeachment. Calling such suggestions "grotesque and offensive," he said, "I would never commit British servicemen and women unless I thought it was necessary."

At home and in Europe, Mr. Blair has had to defend himself against charges that he is too obedient to Washington, and he and Mr. Cook have been in frequent contact with Continental leaders explaining Britain's position.

Most of the domestic criticism has come from members of his own party. The Labour-friendly Independent on Sunday said it was "dispiriting that Tony Blair should prove such an uncritical and servile supporter of the president" while the conservative Sunday Telegraph found the Desert Fox operation "logical and entirely justified."

Washington has welcomed the well-spoken prime minister's eagerness to articulate the mission's bases and objectives, allowing him to speak to the world first on Wednesday in a televised announcement of "Desert Fox" from the front of No. 10 Downing Street before the President Clinton his address from the Oval Office.

Mr. Blair said Britain planned an "intensive diplomatic process" with other UN Security Council members, Arab nations and other European countries "to forge a new strategy for stability in relations between the international community and Iraq." On Monday, Mr. Cook is to meet in London with Joschka Fischer, the German foreign minister, to discuss how Europe can get aid to the needy in Iraq.

On Saturday, Mr. Cook opened a new front in the war for securing public backing for the campaign with a televised briefing devoted to outlining the dimensions of the "extraordinary evil" that Mr. Hussein represents. He cited Amnesty International reports detailing what he called a systematic program of torture, executions and mass murder that the Iraqi dictator uses to enforce his power over his own people.

"He runs a terror state," Mr. Cook said. "As and when Saddam goes and when evidence of that terror state becomes more widely known and publicized by those who replace him, the world will ask why was it that we were in any doubt about the nature of the regime and why there was any hesitation about standing up to him."

Pentagon Evaluates Impact of Bombing Raids

By Bradley Graham
Washington Post Service

WASHINGTON — After attacking nearly 100 targets with at least 415 cruise missiles and hundreds of bombs, U.S. forces left tons of rubble last week where Iraq's Republican Guard soldiers once slept, where other security and intelligence units once worked and where President Saddam Hussein once pursued schemes to expand his missile arsenal.

But even as President Bill Clinton was declaring the air strikes a success and ending the operation, the Pentagon was acknowledging that it had only a sketchy view of the impact that four nights of bombing had on the functioning of Mr. Saddam's military and security networks.

In preliminary estimates, Pentagon analysts reported only 28 of the 97 targets hit in the first three nights were destroyed or severely damaged. Another 46 were characterized as lightly or moderately damaged and the remaining 23 had yet to be assessed.

Seeking to reconcile the victory claims with the damage assessments, Defense Secretary William Cohen and General Henry Shelton, chairman of the Joint Chiefs of Staff, held what amounted to a seminar on how the Pentagon estimates destruction, insisting that even damage rated "light" or "moderate" in official reports can mean that the target was put out of business.

General Shelton said at the news conference, "It does appear that we've got to do a better job of translating the arcane science of battle damage assessment into plain English so that you can all relay the information more effectively to the public. So the burden is on us."

The Pentagon leaders asserted that the bombing has set back Iraq's plans to develop longer-range missiles by at least a year. But they offered little else to measure the extent to which the air strikes

diminished Iraq's weapons-making capabilities and the threat that Baghdad poses to the region — the goals they had set for Operation Desert Fox.

Mr. Cohen and General Shelton, appearing jointly, said a detailed understanding of how much the military operation stymied Iraq's plans to make nuclear, biological and chemical weapons would take weeks, if not months.

At the same time, they acknowledged that Iraq is likely to begin quickly to rebuild the damaged facilities.

"From the beginning of this operation, we've been careful to set realistic goals," Mr. Cohen said.

"We've also been careful not to either overstate or exaggerate the results as intelligence analysts study the very preliminary data."

General Shelton declared himself "very pleased with the results of the operation thus far," but conceded that the way in which the Pentagon reports its bombing results can give a less positive picture.

The damage assessment released Saturday showed somewhat greater destruction than a report Friday after the second night. Officials attributed this to a closer analysis of the targets and to the fact that some targets struck earlier in the week were hit again during the third night.

To demonstrate how the Pentagon's preliminary damage assessments often fail to convey the full impact of an attack, Mr. Cohen cited the terrorist bombing of the Oklahoma City federal building. He said that while the attack rendered the building functionally useless, U.S. government analysts looking at aerial photos initially rated the destruction as moderate.

"Some have characterized moderate damage as somehow being less than successful," Mr. Cohen said. But "when we make these preliminary assessments, what looks either to be light or moderate cannot be calibrated in terms of a normal understanding."

General Shelton made the same point, citing the examples of the truck bombings earlier this year at the U.S. Embassies in Kenya and Tanzania. He said U.S. analysts had categorized the damage there as light to moderate.

Producing an aerial picture of the Taji missile repair complex, General Shelton pointed to several buildings hit by U.S. forces last week, causing varying degrees of damage from moderate to severe.

"My point is, none of these buildings within this compound were assessed as destroyed; not even one," he said. "Our analysts are appropriately very conservative in their initial assessments."

He added, "But in my view, this facility will not be usable for Saddam's efforts to maintain or improve his missile capabilities in the years ahead."

"I'd also like to point out, as you can see, many of the buildings in this facility appear to be undamaged," General Shelton said. "And the reason for that is because they were not targeted. We only went after specific buildings within the compound — again, ones that were related to our mission objectives."

The attacks on missile production and research facilities, where U.S. officials said Iraq was working on long-range systems that could deliver weapons of mass destruction, were particularly important to the U.S. war plan.

And they were all the more important since administration officials, to avoid civilian casualties, ruled out air strikes against other commercial and industrial facilities with potential to manufacture chemical and biological weapons that these missiles could carry.

In addition to crippling the missile effort, Mr. Cohen and General Shelton said the air strikes caused significant damage to Mr. Saddam's security service and his communications, intelligence-gathering and propaganda networks.



Iraqis clearing up after a missile attack left a crater near a ministry building in Baghdad.

"Saddam may rebuild and attempt to rebuild some of this military infrastructure in the future, just as he has replaced many facilities, including lavish palaces after" the 1991 Gulf War, Mr. Cohen said. "But we have diminished his ability to threaten his neighbors with both conventional and nonconventional weapons."

TRAVEL UPDATE

Hungary Rail Workers to Strike

BUDAPEST (Reuters) — Railroad unions in Hungary are to hold two-hour warning strikes Monday and Tuesday in support of their wage demands, a union official said. Railroad workers are demanding a 21 percent wage rise while the last offer was 13.5 percent. A union official said that the two unions would hold a 78-hour general strike from midnight Jan. 4 if talks were unsuccessful.

Fog Disrupts Flights at New Delhi

NEW DELHI (Reuters) — International flights to and from New Delhi airport have been severely disrupted by dense fog for the past few days, airline officials said Sunday. They said Air India, United Airlines, Air Canada and KLM Royal Dutch Airlines were among the worst affected airlines.

This Week's Holidays

Banking and government offices may be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Israel, Pakistan, Sao Tome.
TUESDAY: Zimbabwe.
WEDNESDAY: Japan.
THURSDAY: Austria, Belarus, Bulgaria, Czech Republic, Denmark, European Union, Finland, France, Germany, Hungary, Iceland, Italy, Luxembourg, Mexico, New Zealand, Norway, Poland, Portugal, Singapore, Slovakia, Spain, Sweden, Switzerland, Vietnam City.
FRIDAY: All countries except: Afghanistan, Algeria, Armenia, Azerbaijan, Bhutan, Bosnia-Herzegovina, China, Ethiopia, Georgia, Iran, Iraq, Japan, Kazakhstan, Kuwait, Kyrgyzstan, Libya, Macedonia, Mauritania, Moldova, Mongolia, Morocco, Nepal, Qatar, Russia, Somalia, Taiwan, Tajikistan, Thailand, Tunisia, Turkey, Turkmenistan, Ukraine, United Arab Emirates, Vietnam, Yemen, Yugoslavia.
SATURDAY: All countries except: Oman, Saudi Arabia.

Sources: J.P. Morgan, Bloomberg, Reuters.

Outfoxed: The Generals
Forgot About Rommel

By James Barron
New York Times Service

WASHINGTON — They were going to call it Desert Viper, but the second word had to begin with F. Desert Fifer? Generals do not like to sound foolish.

Well, what about Desert Ferret or Desert Flamingo? O.K., maybe those handles lack that certain something.

But Desert Fox? That was the nickname of Erwin Rommel, the famed North African field marshal of Hitler's army.

The Pentagon wanted to name the campaign against Iraq Desert Something-Or-Other to be consistent with names for other operations in the Gulf, like Desert Storm in 1991.

Desert Viper may have a ferocious ring, but under Pentagon protocol, the military command planning the operation — in this case, the one based at MacDill Air Force Base near Tampa, Fla. — was supposed to choose a name starting with D or F.

Enter a computer data base. It decided that the second word should begin with an F. "Fifer" is not in the dictionary, of course, and "Desert Fifer" doesn't have the right ring. So high-level types at MacDill settled on fox. Eventually, Defense Secretary William Cohen approved the name Desert Fox.

Did anybody think of Rommel, who was portrayed by James Mason in not one but two Hollywood films?

"Nobody," said Lieutenant Colonel David Thurston, a spokesman for the Joint Chiefs of Staff. "That was not in the mix. I know that it's been speculated on by various members of the media and others, but that did not enter into it."

Marcel Schneider, president of the New York Board of Rabbis, accepted that explanation.

"I am sure the powers that be did not associate the name with the Nazi general," he said. "And as it happens, the choice could be something positive, because in the aftermath of this campaign, the term Desert Fox will no longer be associated with a Nazi officer, but instead will be associated with a determined effort to stop a mad dictator from acquiring weapons of mass destruction."

WEATHER

Europe				Forecast for Tuesday through Thursday, as provided by AccuWeather.				Asia			
City	Today	Low	High	City	Today	Low	High	City	Today	Low	High
Algeria	15/18	9/13	24/20	Amman	15/18	9/13	24/20	Beijing	15/18	9/13	24/20
Amman	15/18	9/13	24/20	Baghdad	15/18	9/13	24/20	Bombay	15/18	9/13	24/20
Baghdad	15/18	9/13	24/20	Bombay	15/18	9/13	24/20	Buenos Aires	15/18	9/13	24/20
Bombay	15/18	9/13	24/20	Buenos Aires	15/18	9/13	24/20	Calcutta	15/18	9/13	24/20
Buenos Aires	15/18	9/13	24/20	Calcutta	15/18	9/13	24/20	Caracas	15/18	9/13	24/20
Calcutta	15/18	9/13	24/20	Caracas	15/18	9/13	24/20	Chengdu	15/18	9/13	24/20
Caracas	15/18	9/13	24/20	Chengdu	15/18	9/13	24/20	Chongqing	15/18	9/13	24/20
Chengdu	15/18	9/13	24/20	Chongqing	15/18	9/13	24/20	Dhaka	15/18	9/13	24/20
Chongqing	15/18	9/13	24/20	Dhaka	15/18	9/13	24/20	Hankow	15/18	9/13	24/20
Dhaka	15/18	9/13	24/20	Hankow	15/18	9/13	24/20	Harbin	15/18	9/13	24/20
Hankow	15/18	9/13	24/20	Harbin	15/18	9/13	24/20	Hong Kong	15/18	9/13	24/20
Harbin	15/18	9/13	24/20	Hong Kong	15/18	9/13	24/20	Kobe	15/18	9/13	24/20
Hong Kong	15/18	9/13	24/20	Kobe	15/18	9/13	24/20	London	15/18	9/13	24/20
Kobe	15/18	9/13	24/20	London	15/18	9/13	24/20	Manila	15/18	9/13	24/20
London	15/18	9/13	24/20	Manila	15/18	9/13	24/20	Medan	15/18	9/13	24/20
Manila	15/18	9/13	24/20	Medan	15/18	9/13	24/20	Moscow	15/18	9/13	24/20
Medan	15/18	9/13	24/20	Moscow	15/18	9/13	24/20	Myanmar	15/18	9/13	24/20
Moscow	15/18	9/13	24/20	Myanmar	15/18	9/13	24/20	Nairobi	15/18	9/13	24/20
Myanmar	15/18	9/13	24/20	Nairobi	15/18	9/13	24/20	Osaka	15/18	9/13	24/20
Nairobi	15/18	9/13	24/20	Osaka	15/18	9/13	24/20	Paris	15/18	9/13	24/20
Osaka	15/18	9/13	24/20	Paris	15/18	9/13	24/20	Perth	15/18	9/13	24/20
Paris	15/18	9/13	24/20	Perth	15/18	9/13	24/20	Rangoon	15/18	9/13	24/20
Perth	15/18	9/13	24/20	Rangoon	15/18	9/13	24/20	Seoul	15/18	9/13	24/20
Rangoon	15/18	9/13	24/20	Seoul	15/18	9/13	24/20	Shanghai	15/18	9/13	24/20
Seoul	15/18	9/13	24/20	Shanghai	15/18	9/13	24/20	Singapore	15/18	9/13	24/20
Shanghai	15/18	9/13	24/20	Singapore	15/18	9/13	24/20	Taipei	15/18	9/13	24/20
Singapore	15/18	9/13	24/20	Taipei	15/18	9/13	24/20	Tokyo	15/18	9/13	24/20
Taipei	15/18	9/13	24/20	Tokyo	15/18	9/13	24/20	Urumqi	15/18	9/13	24/20
Tokyo	15/18	9/13	24/20	Urumqi	15/18	9/13	24/20	Yokohama	15/18	9/13	24/20
Urumqi	15/18	9/13	24/20	Yokohama	15/18	9/13	24/20				

Legend: sunny, partly cloudy, cloudy, showers, thunderstorms, rain, drizzle, snow, ice, weather.

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Attack on Iraq / The View From Baghdad

Security Council Plans to Sift Rubble of UN Initiatives to Find a Policy

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — After four days of air strikes in Iraq, the Security Council plans to begin sifting Monday through the rubble of three major United Nations initiatives: economic sanctions, arms inspections and a relief program that was just beginning to show progress in aiding Iraqis suffering from the eight-year embargo.

"We need a future strategy," Prime Minister Tony Blair said Sunday in London. In the short term, it appears to diplomats here that the first step will be a full review of UN relations with Iraq, which Baghdad has long sought and which may now be the only route to finding a consensus on how to monitor President Saddam Hussein now that he is said, again, that he will no longer work with arms inspectors under the existing system.

With President Bill Clinton under impeachment and American attention diverted from the coming crucial days and

weeks of debate, Mr. Blair and President Jacques Chirac of France are expected to take the lead in the Security Council.

In Paris on Sunday, Mr. Chirac staked out a position Russia is expected to share when he called for a prompt lifting of the oil embargo. But moving closer to the British and Americans, he also said in a statement that while it was time for a comprehensive review of relations with Iraq, it must proceed from the understanding that arms controls will continue, along with some supervision of Iraqi expenditures from the sale of oil.

"The international community must be able to carry out effective monitoring of Iraqi arms and any development of them," Mr. Chirac said. "This means fresh organization, fresh methods."

These comments were close to the assessment of the coming debate made Friday by Peter Burleigh, the American representative on the Security Council.

Russia, which led the verbal attack on American and British air strikes last week, was still critical Sunday, with President Boris Yeltsin calling the air

strikes "illegal and senseless." But Russian anger at the United Nations had subsided considerably by Friday, and on Sunday in New Delhi, where he is on an official visit, Prime Minister Yevgeni Primakov was also looking ahead, saying that his concern was that a political solution be found so that air strikes would not be repeated in the future.

Both Mr. Clinton and Mr. Blair have left that possibility open and neither Iraq nor any of its supporters can doubt after last week that there can be a will to follow through on the threat.

Furthermore, Iraq has clearly been stung by the tepid opposition to attacks from Iran and other Arab governments. Top Iraqi officials, who continue to plead for more solidarity in the neighborhood, last week demanded and then suddenly canceled, an emergency meeting of the Arab League, a significant number of whose members said that Mr. Saddam alone was responsible for bringing more tragedy down on his people.

The difficulty the Security Council faces is that more than eight years of

painstakingly negotiated resolutions have linked sanctions, inspections and, most recently, the "oil for food" relief plan in a cat's cradle of crossovers that will be hard to separate. Changing course at the United Nations, especially when it involves agreement among the five permanent Security Council members — Britain, China, France, Russia and the United States — is always more cumbersome and time consuming than changing any one nation's policy.

Sanctions, or more precisely the embargo on Iraqi oil sales, is directly linked to certification by the United Nations Special Commission, charged since 1991 with disarming Iraq, that there are no more prohibited arms or the means to make them.

These include biological and chemical weapons and certain missile systems assumed to be designed to deliver them. Iraq's nuclear program has been monitored by the International Atomic Energy Agency, a UN body unlike the Special Commission, which was created by the Security Council and is formed of

disarmament experts from dozens of countries on loan to the organization.

No member of the Security Council is willing to say categorically that Iraq has answered all outstanding questions or accounted for all suspect material in any area, but Russia and France, with growing support from rotating council members like Brazil and Kenya, have argued that all the missing pieces may never be found and that it is time to close the books on active, kick-down-the-doors inspections and switch to long-term monitoring. This would trigger the lifting of the oil embargo.

The International Atomic Energy Agency has already laid the groundwork for closing the nuclear file, which has made it very popular with the Iraqis, who now demand that if inspections of any kind are to resume, the Special Commission, known as Unscorm, be restructured to be more like the International Atomic Energy Agency, composed largely of career international bureaucrats.

Diplomats think that Iraq can be persuaded to agree to some kind of future

monitoring, but Iraqi leaders said again last week that sanctions have to go first.

The argument that files can begin to be closed, which will now be made again, could have picked up even more backers before last August, when Iraq began to demonstrate that it has no intention of allowing long-term monitoring to be backed by inspections of any and all new, suspect sites as the need arises.

Nevertheless, the Clinton administration assumes that sanctions cannot be sustained forever.

The situation of Richard Butler, the executive chairman of the United Nations Special Commission, is particularly complicated. Iraq has made it clear for more than a year that it does not want to work with him. Last week Russia formally called for his dismissal. Even among Mr. Butler's supporters — or at least his non-detectors — there are those who ask whether inspections can ever emerge in a hostile Iraq with him in charge and that pragmatism may dictate that he be replaced.

Paradoxically, this would penalize Mr. Butler for his strengths as a franker-than-average former Australian diplomat who says that he takes his mandate seriously and will not compromise in order to keep the Iraqis happy. Moreover, he is dealing with what one senior United Nations official called a "criminal regime" that understands only force, making Mr. Butler's tough approach a problem for Mr. Saddam, who would rather deal with more equivocating diplomats or international civil servants trained not to rock boats.

In an interview Saturday, Mr. Butler said that handing the Iraqis a diplomatic victory by allowing their weapons programs to emerge from a bombing campaign free of international supervision "just doesn't make sense." Publicly, the United States supports Mr. Butler completely.

But Scott Ritter, the former Pentagon expert who quit the Special Commission in August in disgust at American policy, said that the Clinton administration has, in fact, weakened Mr. Butler time and again, most recently last week, when White House officials put pressure on UN officials to release his latest report on Iraqi noncompliance just before bombing raids began Wednesday, so that it could be used as the trigger for military action.

Although Mr. Butler, who now travels around New York with a bodyguard, did not complete his report until Tuesday, and did not turn it over to White House officials until shortly before its release to the UN secretary-general and the Security Council that day, the timing has strengthened Iraqi and Russian assumptions that the whole series of events was prepackaged.

Saddam Hails Iraqi Victory Over 'Enemies Of Humanity'

By Howard Schneider
Washington Post Service

BAGHDAD — With the announced end of the bombardment that was the core of Operation Desert Fox, President Saddam Hussein appeared on Qatari-based Jazeera television to declare victory — a standard procedure at the end of each of Iraq's crises, regardless of the outcome.

"You were up to the level that your leadership and your brother and comrade Saddam Hussein had hoped you would be at," Mr. Saddam said in a taped address. "So God rewarded you and delighted your hearts with the crown of victory."

"God wanted this to be an honor and glory for you," he said. Mr. Hussein cast "shame and humiliation" on those who carried out the attacks, calling them "the enemies of God and humanity."

But in diplomatic circles and on the streets of Iraq, there was acknowledgment that what has been left behind is a complicated nest of issues not easily or quickly deciphered — over whether weapons inspections will resume, over whether the United States, having hit the Iraqi military infrastructure hard, will now turn to attacking the regime's economic base, over whether the regime of President Saddam has been weakened in any way weaker or more compliant by the demonstration of U.S. forces.

"None of that is clear yet, and won't be until damage from the bombing is assessed, the Iraqi leadership takes stock of its remaining assets, and discussions begin again between the security council and Mr. Saddam's government."

The UN special envoy, Prakash Shah, said he expected to meet with Deputy Prime Minister Tariq Aziz on Sunday, hoping to open a discussion that will move the dispute over sanctions and Iraq's weapon programs back onto a diplomatic footing.

"Now is the time to focus on the 'winning after,'" Mr. Shah said, "and it is some complicating factors" that range from how much damage was done to Iraq's military, weapons and other facilities, and how the bombing changes the strategies of both the United States and Iraqi government.

Why the bombing happened is as much a topic of speculation here as its outcome on the future of sanctions and disarmament efforts.

Among the few objective observers here, with freedom of movement and some access to government officials and other sources, members of the diplomatic community were divided in their assessment. Some blame the Iraqis, and feel the crisis could clearly have been averted if they had opened a few more doors to UN inspectors.

There were no other official statements or details provided about civilian or military casualties from the four-day bombardment, and it will likely take days or weeks for officials here to comprehend fully the damage done to factories, buildings and military facilities hit by U.S. and British weaponry.

On the streets of Baghdad, people acknowledged the complexity of recent events, and questioned whether anything had been accomplished on either side. "It's a game, a play," said Hossayn Alwan, 28. "Nothing has been changed."

Like most residents here, Mr. Alwan spent nights at home during the air raid, taking care to stay indoors but not feeling threatened enough to seek haven in a bomb shelter.

Along the markets near Al Nahar street, Zuhair Naim Zora said it was clear after the first night of attacks that the strikes were focused on military targets, and were coming with an accuracy that left him feeling safe, as long as he stayed away from open areas and the possibility of being hit by falling debris.

Unlike the Gulf War, which targeted Baghdad's power supply, bridges and other infrastructure, Operation Desert Fox swept through this capital with little disruption to daily life. There was no attempt by residents to evacuate the city or scramble to bomb shelters, no shortages of food or fuel or curtailment of 24-hour hours.

The only thing most residents lost was "our time," by being forced indoors at night, Mr. Zora said.



A shopper examining fruit at a market in the center of Baghdad on Sunday. In a broadcast, President Saddam thanked Iraqis for their efforts.

IRAQ: U.S. and Britain Issue Warning

Continued from Page 1

targets and things that he cares about most have been destroyed — many of them.

In four nights, she said, nearly 100 targets were hit. U.S. and British forces flew 650 sorties. U.S. naval ships and warplanes launched 400 cruise missiles, more than in the entire Gulf War. Eight presidential palaces, suspected of harboring banned weapons equipment, were hit. The destruction, Mrs. Albright said, was "heavy and devastating."

General Shelton said that nine missile research and development centers had been hit, knocking them out for "at least over a year"; 20 of 21 command and control facilities had suffered moderate to severe damage; and what he called "very good damage" had been inflicted on 18 of 19 targets linked to the elite Republican Guard and to special units whose mission is to conceal banned weapons.

General Shelton produced aerial photos to document the damage. No reliable independent damage assessments were available.

In announcing a halt to the strikes Saturday, Mr. Clinton said he was satisfied that "significant damage" had been inflicted on facilities supporting the clandestine production of weapons of mass destruction.

U.S. and British officials said that the timing of the attacks in light of the impeachment process against Mr. Clinton was coincidental. Mr. Saddam had

First Time in Action For the Troubled B-1

New York Times Service

WASHINGTON — After three decades of controversy, \$30 billion and a series of mishaps, one of the most costly and most troubled U.S. combat aircraft, the B-1 bomber, flew into combat for the first time last week.

Two of the four B-1 bombers based in Oman since November joined in the attacks against Iraq, striking a military complex near Baghdad with a torrent of 500-pound (225-kilogram) bombs before returning safely to their base.

President Richard Nixon approved the development of the B-1 in 1970. By 1977, with the program beset with design flaws and cost overruns, President Jimmy Carter killed the bomber. President Ronald Reagan gave it new life in 1981. The air force rolled out the first of 100 B-1s in 1986. In a little more than a year, three crashed. The planes sat out the Gulf War with engine problems.

The bomber, with swept-back wings for supersonic flight at low or high altitudes, was designed to penetrate Soviet airspace to deliver nuclear weapons. President George Bush ordered it refitted to carry conventional weapons.

Vice Admiral Scott Fry, director of operations for the Joint Chiefs of Staff, said Saturday that the Pentagon had not yet been able to assess the damage done by the bombers' strikes.

been warned a month earlier, they said, of the cost of failing to comply with the weapons inspections, and a sharply critical report to the United Nations on Tuesday had documented that failure.

Mr. Cohen, the U.S. defense secretary, indicated that the United States expected a prolonged standoff with Mr. Saddam. He said that he expected Iraq to begin repairing and rebuilding its damaged military and intelligence structures, including those linked to the development of banned nuclear, chemical and biological weapons. If Iraq does so, Mr. Cohen said on CBS, "We're prepared to take it down again."

Sandy Berger, the president's national security adviser, said that U.S. and British overflights, monitoring and policing of no-flight zones would help keep pressure on Mr. Saddam.

"If he tries to rebuild his weapons of mass destruction," he said, "if he threatens his neighbors, if he goes after the Kurds in the north or our airplanes, we have to be prepared to use force again."

He and other administration spokesmen said that by offering full cooperation, Mr. Saddam could end the comprehensive UN sanctions in force against his country since the Gulf War of 1991. They all made it clear, however, that they did not expect him to do so.

"The sanctions will remain in place," Mr. Cohen said. "We remain in place." Nizar Hamdoun, the Iraqi ambassador to the United Nations, said that Baghdad would now demand an immediate lifting of the sanctions. He said he could not imagine any future cooperation between Iraq and Richard Butler, head of the UN inspection regime.

Under the present embargo, Iraq can export about 1.8 million barrels of oil a day under a monitored humanitarian exchange for food and medicine.

Iraq, which at times has denounced the UN inspectors as spies, has accused the United States of colluding with Mr. Butler to create a pretext for a U.S. attack to divert attention from Mr. Clinton's impeachment. "I don't think there is any doubt about that," Mr. Hamdoun said.

U.S. officials and Mr. Butler himself flatly denied the charge that he had written his critical report of Iraq in concert with the United States.

"I did not," Mr. Butler said on CNN. "That is simply not true."

Mr. Butler said he did not know what the future held for Unscorm. The UN Security Council was to discuss the matter this week.

Mr. Clinton said he would welcome a return to UN inspections, but only if Mr. Saddam took "concrete, affirmative and demonstrable actions" to show that he would permit unfettered access to all suspected weapons sites.

U.S. officials indicated they were unsure how events might play out in Iraq. Mrs. Albright said there was "no silver bullet for dealing with" Mr. Saddam. Mr. Berger said that in the long term, "the only solution here is going to be a different government in Baghdad." He said the United States would work toward that end with Iraqi opposition groups in "prudent, effective ways."

POLICY: What's the New Iraq Strategy?

Continued from Page 1

Unscorm, but specify that Iraq's path back to a normal relationship with the world and the elimination of harsh economic sanctions requires its cooperation and disarmament by Unscorm.

So it is hard to insist that economic sanctions remain against Iraq, as Washington and London insist, if the two countries do not provide even rhetorical support for the existence of Unscorm, the means by which sanctions can be lifted.

Trying to square the circle, the Clinton administration has recently begun describing its Iraq policy as "containment plus regime change," in Mrs. Albright's words. Last week, she defined that policy as having short-, medium- and long-term goals.

These military strikes now, after nearly one year of threatening them because of Unscorm's inability to do its job, are not a sign of the failure of American policy, she insists, but a "short-term goal," which can be repeated or applied as necessary, like weed killer, to try to defang Mr. Saddam and buy more time.

But there are considerable doubts, even among America's closest allies in NATO countries — the difficulty of the credibility of an impeached President aside — that the Clinton administration is willing to withstand the diplomatic damage of regular unilateral air strikes against Iraq. Even these delayed attacks were held to only four days out of concern for Arab, Russian and Chinese reaction.

In the medium term, Mrs. Albright said, the goal is to get Iraq to comply with United Nations resolutions, including a functioning Unscorm. But privately, U.S. officials not only don't believe Mr. Saddam's Iraq will ever comply, but they also don't really want him to try.

Because if he does try, the rest of the world — and certainly Russia, China and France on the Security Council — will rush to give him the benefit of the doubt. That will make Mrs. Albright's longer-term goal — the overthrow of Mr. Saddam and a new Iraqi government — even less plausibly attainable than it currently seems, even after air strikes.

For there is severe doubt, both within the American government and outside of it, that Mr. Clinton is prepared to pay the price to rid the world of Mr. Saddam. Most officials regard the new emphasis on "regime change" as a way to answer those critics who felt that American policy had no long-term goal at all. And they note that it was Congress that pushed the \$97 million Iraq Liberation Act onto the White House, which could not veto it.

In fact, these officials say, the administration and the CIA had largely given up on new efforts to overthrow Mr. Saddam, given embarrassing failures in the past.

While cabinet members assert publicly that there is a new seriousness to the effort to bring down Mr. Saddam, senior officials joke that the money will provide the Iraqi opposition, whose leaders live in London, with used American armored personnel carriers in which to ride through Mayfair.

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EUROPE

As Crosses Sprout at Auschwitz, Polish-Jewish Relations Worsen

By Roger Cohen
New York Times Service

AUSCHWITZ, Poland — Crosses large and small are mushrooming outside the Auschwitz death camp, filling a field just beneath its barbed-wire-topped wall and driving a new wedge between Poles and Jews.

In light wood, in dark wood, some straight, some listing, the 240 crosses have been placed by Roman Catholic zealots over the last five months. They now form a spreading Christian sea overlooked by a watchtower of the

camp that formed the industrial nexus of the Nazi attempt to annihilate European Jewry.

The crosses have a self-styled guard, Kazimierz Switon. A former member of Poland's Solidarity Union, he arrived here June 14. In a now squalid tent, he took up residence, declared he had come to defend Polish soil against the Jews, planted a cross and, with conspicuous success, invited sympathizers to follow suit.

"We do not tell the Jews what to do in their country, and they have no right to tell us what to do on our Polish soil,"

said Mr. Switon, 67. "I will not leave until I have a written assurance from the church that these crosses, which pay tribute to the Polish victims of Auschwitz, will stand forever."

The adjacent camps of Auschwitz and Birkenau have been at the center of repeated conflict in recent years as divergent Polish and Jewish views of World War II have clashed, envenomed by each people's sense of enormous loss.

But the forthright anti-Jewish oratory of Mr. Switon and his vociferous followers appears to mark an escalation in

an atmosphere clouded by new Polish fears of Jewish claims for restitution of property lost during the war.

At the same time, the inability of the center-right Polish government of Prime Minister Jerzy Buzek to remove the crosses, or even to stop their proliferation, has illustrated the enduring sensitivity of religious and nationalist issues in a deeply Catholic country still grappling with the divisive legacy of more than 40 years of Communist rule.

"Switon represents a fanatic fringe, but perhaps not such a narrow one," said Jerzy Ledicki, a historian. "The

Communists removed crosses from public places, so to remove a cross today is to be an enemy of the nation. The government therefore finds itself in a tight spot."

Mr. Buzek has promised several times to remove the crosses, most recently in a letter to Miles Lerman, chairman of the U.S. Holocaust Memorial Council. The letter, dated Nov. 30 and made available to The New York Times, says that "all new crosses" will be removed and that "the government of Poland is determined to do it as soon as possible."

But so far, as legal battles boil, no attempt has been made to take the crosses down or to evict Mr. Switon. Even the Polish episcopate's formal condemnation of the new crosses in August has failed to break the deadlock.

"The crosses are deeply offensive," said Kalman Sultanik, vice president of the World Jewish Congress. "For many Jews, they symbolize persecution, and 90 percent of those murdered in Auschwitz-Birkenau by the Germans were Jews. Why can the crosses not be removed by police, and then let Switon fight the decision in court if he wants?"

There have been repeated provocative issues in recent years. An 8-meter-high (26-foot) so-called "papal cross" erected in 1989 and still standing at the center of the new crosses, a Catholic covenant that abutted the camp until its demolition in 1993, and the presence until their removal last year of crosses and Stars of David near the Birkenau gas chambers have all caused bitter exchanges between Polish authorities and Jewish groups.

At the root of the friction lie starkly divergent senses of history. Many people in Poland have the sense that the 3 million non-Jewish Poles who died during the Nazi occupation, of whom close to 100,000 were killed at Auschwitz, are somehow invisible to the Jews because of the scale of the Holocaust.

Jews, by contrast, see an unspeakable affront in the placing of Christian symbols at the place that stood at the heart of the Nazi extermination program. They are troubled by enduring expressions of anti-Semitism in Poland and point to the fact that more than 1 million of the victims of the Auschwitz-Birkenau complex were Jews.

"We can't stop competing over suffering," said Wanda Rapaczynski, a Warsaw newspaper publisher who is Jewish. "And now, with these American lawyers coming Europe chasing restitution money for the Jews, and the fear that Jews may come back to Poland to claim property, I feel a new tension in the air. The property issue is explosive."

Mr. Switon has found critical local support from a wealthy real-estate dealer and former Communist security services agent, Zbigniew Janosz, who has veered from communism to nationalism since 1989. Mr. Janosz heads an association of Polish war veterans and leased the land on which the crosses now stand from the departing Carmelite nuns in 1993. His lease runs until 2033.

The Polish government has now drafted a law to be submitted to Parliament in the next few weeks that would put all former concentration and death camps and the land around them in the control of the state.

The law would override all previous property claims; land would be bought out at market prices.

British Press Uncovers Spy Scandal of Its Own

By Sarah Lyall
New York Times Service

LONDON — The British news media have always been skeptical about the claims of Richard Tomlinson, the renegade MI6 agent who recently served a brief prison sentence for revealing embarrassing secrets about the security service. But last week the newspapers found Mr. Tomlinson's latest disclosure too good to ignore: He said that Dominic Lawson, the editor of the Sunday Telegraph, was a British spy.

The newspapers knew about the accusation a week ago, but because of libel laws and the strict Official Secrets Act, none could print Mr. Lawson's name.

That conveniently changed on Wednesday, when Brian Sedgmore, a Labour member of Parliament, rose on the Commons floor and said he hoped that Parliament would investigate Mr. Tomlinson's claims that Mr. Lawson had been "recruited as a paid MI6 agent."

Because they were subject to parliamentary privilege, and therefore out to Britain's strict libel laws, Mr. Sedgmore's remarks allowed everyone to rush them into print. For his part, Mr. Lawson immediately said in a statement, "I am not and never have been an agent, either paid or unpaid, of MI6 or any other government agency."

Whatever Mr. Lawson's relationship with MI6 — and he at first said through an assistant that he had no further comment — his rivals at other newspapers were clearly delighted at the chance to torture him in print.

They have run ample stories chronicling his high-society connections, his history of printing awkward quotes from people who later protested that they had spoke off the record, and his move from a modest house in London to a more expensive one in the country.

"There is everything wrong with an editor becoming part of the security machine," the Times of London said in an editorial, calling for an investigation.

As several of his competitors were only too happy to point out, Mr. Lawson's denial seemed carefully worded — perhaps in order to leave him some wiggle room.

"He said he was not an agent, and I'll buy that, because I'm sure that means something special," said an editor at a rival newspaper, speaking on condition of anonymity. But, the editor said, that left a lot of other possibilities open — including a more informal, symbiotic relationship with MI6.

In theory, the charge is not as far-fetched as it would seem in the United



BERLIN BLAST — Rubble lying strewn on the gravestone of the former head of the Jewish community in Germany, Heinz Galinski, on Sunday after it was damaged by a bomb Saturday night.

States. In Britain, journalists say, the intelligence services have traditionally enjoyed cozy relations with a select group of editors and reporters, who provide sympathetic coverage in exchange for special access and exclusive stories.

While the days of correspondents leading double lives as paid spies abroad probably vanished at the end of the Cold War, journalists say that some of their colleagues occasionally seem a little too close for comfort to MI6 and its sister agency, MI5.

Mr. Lawson was editor of the Spectator magazine before he took the Sunday Telegraph job. He is an ultra-establishment figure whose father, Lord Lawson of Blaby, was Margaret Thatcher's chancellor of the exchequer, and whose wife, Rosa Monckton, the managing director of Tiffany's in London, was a close friend of Princess Diana.

People at competing newspapers say that several articles in the Sunday Telegraph and the Spectator during Mr. Lawson's era have had, at best, dubious provenance.

According to the Guardian, two articles in the Spectator in 1994, purporting to be written by a UN official, were in fact written by an MI6 agent using a false name. The pieces, about the Bosnian civil war, were widely seen as a chance for the agency to promote its own agenda.

But Mr. Lawson insisted that he did not know who wrote the piece.

On Sunday, writing in the Sunday Telegraph, Mr. Lawson made light of the affair and accepted an invitation from a colleague to clarify matters.

"I have never worked for the intelligence services," he said. "The only sort of agent I could ever be is a free one."

Branson's Balloon Enters Turkey, Avoiding Iraq

Reuters

LONDON — The British entrepreneur Richard Branson and his American former rival Steve Fossett have crossed into Turkey in their hot air balloon on the third day of their round the world record attempt, the team said Sunday.

Mr. Branson and Mr. Fossett, who joined forces last year in a bid for the record, were cruising at an altitude of

about 27,000 feet (8,200 meters), at a speed of 76 miles (121 kilometers) per hour, according to a statement from Mr. Branson's London headquarters.

Mr. Fossett, 54, said, "The flight is going really good so far."

The balloon was launched from southern Morocco on Friday and the original flight path was altered to avoid flying over Iraq — target for four nights of attacks by British and

American bombers. The air strikes ended Saturday night.

The balloon crossed Libyan airspace Saturday and entered Turkish airspace early Sunday. The plan is now to head over Azerbaijan and Kazakhstan before turning southeast toward China.

Mr. Branson, 48, was suffering from a fever and a sore throat Saturday and was taking antibiotics but was said to be responding well.

INTERNATIONAL

Israeli Cabinet Approves Conditions for Talks

Agence France-Press

JERUSALEM — A day before the Israeli Parliament is scheduled to vote on early elections, the cabinet on Sunday approved Prime Minister Benjamin Netanyahu's conditions for continuing the peace process.

The cabinet issued a decision containing five conditions Mr. Netanyahu considered essential for carrying out further withdrawals from the West Bank required by this autumn's Wye River land-for-security accord with the Palestinians.

"Israel is seeking peace with the Palestinians and seeking to advance the final status talks. Israel is committed to continuing the peace process in accordance with the principle of reciprocity. Israel will fulfill its commitments in the process when the Palestinians fulfill their commitments."

"The Palestinian Authority should renounce its intention to militarily declare an independent state with Jerusalem as its capital."

"The Palestinian Authority should halt violence and incitement to violence."

"Israel will not release murderers and prisoners with blood on their hands."

"The Palestinian Authority should collect and destroy illegal weapons in hands of Palestinian Authority officials and civilians, detain murderers in areas under Palestinian control and fully cooperate with Israel in combating terrorism as well as honor all other obligations under the Wye agreement."

Palestinian leaders were angered by the cabinet decision, which they described as a declaration of war on the majority of Palestinians and Israelis who want peace.

Ahmad Thi, an adviser to the Palestinian

leader, Yasser Arafat, said the cabinet decision "is a declaration of war against Palestinians and Israelis in favor of a radical minority in Israeli society."

Saeed Erakat, Palestinian chief negotiator, said that "the Palestinian Authority totally rejects the five conditions."

He added: "This is part of Netanyahu's election campaign and Netanyahu is exploiting the situation in Iraq and the internal situation in the U.S. to destroy the Wye agreements."

Mr. Netanyahu announced last Wednesday that he would call early elections unless Parliament gave its formal support Monday to his hard-line stance for pursuing peace negotiations with the Palestinians.

If the Knesset does not approve the cabinet decision on Monday, Mr. Netanyahu said he would call for early elections.

Specter of the Populist Demagogue Haunts Latin America

By Larry Rohter
New York Times Service

MIAMI — All across Latin America, presidents and party leaders are looking over their shoulders. With his landslide victory in Venezuela's presidential election on Dec. 6, Hugo Chavez has revived an all-too-familiar specter that the region's ruling elite thought they had safely interred: that of the populist demagogue, the authoritarian man on horseback known as the caudillo.

A cashiered army colonel, Mr. Chavez is to be sworn into office for a five-year term on Feb. 2, the eve of the anniversary of a bloody but failed military coup he led in 1992. Mr. Chavez, a 44-year-old former paratrooper, maintains that only a "social revolution" can be "the salvation of the country," and has vowed to convene a constitutional assembly that would rewrite Venezuela's charter and, in all likelihood, do away with the democratic two-party system that has prevailed for 40 years.

"We're running scared; we have sweaty palms," said Gonzalo Sanchez de Lozada, a former president of Bolivia who went to Caracas as part of an international delegation of

election observers. "Venezuela is something that will have a great impact."

The emergence of Mr. Chavez resonates far beyond Venezuela's borders for reasons both symbolic and practical. Venezuela was the birthplace of Simon Bolivar, the father of South American independence, and Mr. Chavez has presented himself as Bolivar's heir and disciple, despite his past disregard for the rule of law. In addition, the overthrow of the dictator Marcos Perez Jimenez in 1958 ushered in the modern cycle of civilian democratic rule in Latin America and made Venezuela a sort of political laboratory for the region.

Mr. Chavez's triumph augurs "the total disintegration of the strongest party system in Latin America," according to Arturo Valenzuela, director of the Center for Latin American Studies at Georgetown University. "It really is an extraordinary lesson: that you cannot over a period of time run a political system with an explicit or even implicit pact to divide up the spoils and rule the country on the basis of patronage."

In place of the parties, which for all their flaws have demonstrated respect for democratic institutions, Mr. Chavez seems inclined

to govern on the basis of a mystical bond he claims to have established with Venezuela's 23 million people. He has also implied that his new "people's government" will not need a Congress or other institutions to interpret the popular will and has said he prefers direct consultation with voters to the give-and-take of building a legislative coalition through compromise and negotiation.

"This trend towards government by referendum and plebiscite — that's not democracy, and that's what worries me the most," said Eduardo Gamarra, director of the Latin American and Caribbean Center at Florida International University here. "People in power who are having difficulties and want to forget the niceties of presidential democracy will be very attracted by this model of closing down Congress."

Since the gradual disappearance of military dictatorships in the early 1980s, the basic assumption of Latin America's civilian politicians, as well as their patrons in Washington, has been that democracy works in tandem with open markets, privatization and free trade. But Mr. Chavez's resounding triumph in a country with the largest oil reserves

outside the Middle East suggests a basic flaw in that thinking.

"There is growing frustration, anger and anxiety throughout Latin America because of the unrealized promises from increasing involvement in the global economy," said Jennifer Schirmer, a Harvard University professor who is an expert on Central American military regimes. "If the upper classes and the elite have grown richer, most people, including the middle class, are experiencing economic loss, greater instability and an exponential growth in crime."

Of course, Mr. Chavez could end up taking the same path as Carlos Menem, who was elected president of Argentina in 1989 as a Peronist but has governed as a textbook enthusiast of open markets. Then again, he may follow the course of Alberto Fujimori of Peru, who made good on threats to bypass the traditional political system and has transformed himself into a strongman.

Either way, a wake-up call to the perils of cronyism and growing income disparity has clearly been delivered to the region's leaders. What remains to be seen is who, if anyone, will heed the sobering message.

BRIEFLY

Thousands Mourn 36 Kosovo Rebels

POLJANCE, Yugoslavia — Several thousand ethnic Albanian mourners and about 1,000 separatist guerrillas turned out Sunday for the funeral here of 36 fighters killed by Serbian guards on the Albanian border.

Serbian authorities said the 36 men, members of the Kosovo Liberation Army, were shot last Monday as they tried to smuggle arms into the Yugoslav province from neighboring Albania.

The killing was the most serious incident since the U.S.-brokered cease-fire in October, which aimed to end the eight-month conflict between Serbian forces and ethnic Albanian separatists. (APF)

2d Round of Voting In St. Petersburg

ST. PETERSBURG — Voting began Sunday in a second round of local elections in St. Petersburg, where liberals aimed to consolidate gains made after a bitter campaign marked by the murder of a prominent Russian democrat.

There were no reports of trouble as people voted in the former czarist capital a month to the day after Galina Starovoitova was gunned down in a contract killing. She was a member of Parliament and leading supporter of President Boris Yeltsin.

Eighty-eight candidates were involved in the runoff Sunday for the remaining 44 districts. (Reuters)

Ruling Party Falls Out of Danes' Favor

COPENHAGEN — An opinion poll published Sunday confirmed a slump to record lows for Denmark's Social Democrats, the biggest group in Parliament and government.

The survey, published in the newspaper Politiken, put voter support for the Social Democratic Party at 19.4 percent. This compared with 35.9 percent in the general election in March that returned Prime Minister Poul Nyrup Rasmussen's center-left coalition to office.

Analysts attribute the decline to dissatisfaction with proposed changes to the rules for joining an early retirement plan. (Reuters)

Ecevit Gives Up On New Coalition

ANKARA — Prime Minister-designate Bulent Ecevit warned political rivals on Sunday that his failure to form a government would probably return the Islamist opposition to power.

Mr. Ecevit, a secularist, said Saturday that he had been unable to put together a coalition after the fall of the conservative-led government last month. He said he would hand back the mandate to form a government to President Suleyman Demirel on Monday. (Reuters)

BRIEFLY

Liberia Puts Troops on Border

MONROVIA, Liberia — Liberia has closed its border with Sierra Leone and deployed army units along the area, the government announced Sunday.

The measures were intended to "prevent a spillover of escalated military operations in Sierra Leone," Reginald Goodridge, press secretary to President Charles Taylor, said in a statement.

The statement urged the armed forces of Liberia to collaborate with soldiers of Ecomog, the Nigerian-led West African intervention force deployed in Liberia and Sierra Leone. It ordered Liberian soldiers "to be in readiness for any eventuality." (APF)

Nigerian Denies Fund Transfer

LAGOS — Former Finance Minister Anthony Ani denied Sunday that \$2 billion of state funds had been transferred abroad and lost under the late dictator Sani Abacha.

Mr. Ani's denial came in response to allegations made this month by a spokesman for General Abacha's successor, General Abdulsalam Abubakar, who accused two former ministers and an Abacha family member of taking the money under the pretext of paying debts owed to a Russian company involved in a giant steel project.

"No \$2 billion was transferred to any company abroad," Mr. Ani said in a statement Sunday. "There is no way that \$2 billion could have been withdrawn from Nigeria in 1996 without completely depleting our meager resources." (Reuters)

Air Crash Bodies Identified

WASHINGTON — Canadian authorities have finished identifying the remains of the passengers and crew on Swissair Flight 111, the MD-11 that crashed off the coast of Nova Scotia, and the airline will begin returning the remains to families soon, according to the Nova Scotia medical examiner.

Flight 111 crashed Sept. 2 after leaving Kennedy International Airport for Switzerland. With help from the Canadian armed forces and the Royal Canadian Mounted Police, and with heavy reliance on DNA testing, the medical examiner identified all of the 229 people on board except a pair of identical twins, 19-year-old men from Switzerland, whose DNA was indistinguishable. (NYT)

ASIA/PACIFIC

China Releases and Expels Labor Activist

By John Pomfret
Washington Post Service

BEIJING — A Chinese labor activist was released from prison and expelled to the United States on Sunday, a day before another prominent Chinese dissident was scheduled to be put on trial for his involvement in the first attempt to establish an opposition party in China.

Lin Nianchun, 50, was put on a Northwest Airlines flight that was headed first for Detroit and then New York. He was released six months before the end of his sentence, which was being carried out in a labor camp in northeastern China.

His wife, Chu Hailan, who had campaigned for his release, accompanied Mr. Lin to America along with their 11-year-old daughter. Mrs. Chu was beaten by security forces when she tried to hand a letter pleading for his release to the United Nations human rights commissioner, Mary Robinson, at a hotel in September.

Mr. Lin's ouster was another step

in a flurry of political activity carried out by the Chinese government, which recently launched its most significant round of political repression in two years.

It was unclear whether his release was planned as a counterbalance to the scheduled trial Monday of Xu Wenli, one of China's most prominent dissidents. Mr. Xu, who was released in 1993 after 12 years in jail for advocating democracy, is charged with attempting to overthrow the Chinese state, a crime that could see him imprisoned for more than 10 years.

Since early December, Chinese security forces have conducted a nationwide campaign against the six-month-old effort to form the China Democracy Party.

So far, two men, Wang Youcai and Qin Yongmin, have been tried and are awaiting their verdicts; one, Mr. Xu, has been charged and will be tried; another, Xu Wanning, has been sentenced to three years of thought-reform-through-labor without trial and at least nine others are still in jail

awaiting charges. In all, 30 people were arrested but most of them have been released.

The effort to form the party started in June, on the day President Bill Clinton arrived in China for his meeting with President Jiang Zemin. On that day, Mr. Wang attempted to register the party in the eastern city of Hangzhou and Mr. Qin followed suit in Wuhan.

At their trials, neither Mr. Wang nor Mr. Qin was granted legal representation.

Mr. Liu, a former factory worker and a writer who is suffering from ulcers, was the third dissident to be freed on medical parole and forced into exile since November 1997, when a veteran activist, Wei Jingsheng, was ousted. A former Tiananmen Square student leader, Wang Dan, was expelled in April.

Mr. Liu has been in jail three times but has never been put on trial. Each time he was sentenced by the police, who have the right to send people to jail for three years without a trial. His latest offense was sign-

ing a petition calling for labor rights in May 1995. His wife was not told of his whereabouts for 14 months after his arrest. Labor camp officials added a year to his sentence, saying that he tried to escape, although his wife charged that the officials manufactured the charge.

China's government views labor activists with special alarm because millions of Chinese workers have been laid off over the last few years. It recently tightened labor laws to ensure that China's only union, which is tightly controlled by the Communist Party, remains unchallenged by an independent union.

■ **Welfare Change Possible**

China is considering passing a law to compel the expanding private sector to contribute to a new, Western-style social welfare system, an official newspaper, China Daily, reported Sunday, according to The Associated Press.

The social security system is an essential part of China's reforms to end central planning and make



Liu Nianchun, in a file photo.

state-owned industries compete in free markets. But without nationwide unemployment and pension programs, the government fears that the expected layoffs of tens of millions of unneeded state workers could cause unrest.

BRIEFLY

Cambodia Police Fire on Mob

SIHANOUKVILLE, Cambodia — The police unleashed several volleys of gunfire over the heads of a mob ransacking the home of a Cambodian city's deputy governor on Sunday as a protest against the dumping of suspected toxic waste from Taiwan deteriorated into a riot.

The crackle of gunfire and whiz of bullets sent the mob of more than 300 people scurrying out of Deputy Governor Khim Bo's mansion and racing down side streets, but not before they had wrecked his home and set fire to a vehicle.

The attack on the official's home was prompted by a gathering of residents upset with an apparent business deal to dump Taiwanese waste on the outskirts of the port city of Sihanoukville, 185 kilometers southwest of Phnom Penh.

Earlier Sunday, the mob vented its anger at government officials and businessmen suspected of being involved in the deal by stoning government offices and trashing a hotel. (AP)

Pakistan and India Quarrel

ISLAMABAD, Pakistan — Pakistan and India have each expelled an official from the other's embassy on charges of spying, Pakistani authorities said Sunday.

The Indians expelled a junior official at the Pakistani Embassy in New Delhi on Friday, and Pakistan reciprocated by expelling an official of similar rank at the Indian Embassy in Islamabad, the Pakistan Foreign Ministry said.

Relations between Pakistan and India are tense due to a dispute over the Himalayan region of Kashmir, which is divided between them. Both countries claim all of Kashmir, where their differences have triggered two wars since both countries gained independence from Britain in 1947.

Kashmir is the only Muslim-majority state in predominantly Hindu India. (AP)

Nepal Leader Allies With Left

KATMANDU, Nepal — Prime Minister Girija Prasad Koirala of Nepal, whose government appeared set to fall, managed to persuade another party Sunday to help keep him in power.

Mr. Koirala struck a deal with the United Marxist-Leninist Communist Party of Nepal, one of the two big Communist groups.

The Marxist-Leninist Communist Party of Nepal nearly toppled Mr. Koirala's government when the party's 13 ministers quit the cabinet over several local disputes. (AP)

Poison in North Korean's Body

SEOUL — Military investigators found traces of poison in a body recovered from a suspected North Korean spy boat sunk by the South Korean Navy, officials said.

The finding indicated that some of the crew may have killed themselves before their vessel was sunk Friday, Defense Ministry officials said. The speedboat, believed to have carried four people, was spotted near the port of Yosu on the tip of the Korean Peninsula and was pursued and sunk. (AP)

Protesters Ransack Airport As UN Envoy Leaves Timor

DILI, East Timor — A special United Nations envoy was airlifted out by helicopter here Sunday as hundreds of protesters stormed Komoro Airport at the end of the diplomat's two-day visit to the Indonesian territory, witnesses said.

Anti-Indonesia protests rocked East Timor last week ahead of and during the brief visit by the UN envoy to the territory of 800,000 people.

About 500 people, some carrying machetes, broke through two security cordons as the envoy, Jamsheed Marker, was waiting to board a flight to Bali.

"Shoot me," some protesters taunted soldiers while others yelled "Viva Xanana," referring to the jailed East Timorese rebel leader, Xanana Gusmao.

Thousands of protesters had traveled to the airport in a convoy of trucks, buses, cars and motorcycles to see Mr. Marker off after his visit.

Mr. Marker was driven to a helicopter and flew off as the mob began to break windows at the airport and forced its way onto the runway.

Lieutenant Colonel Endar, the Dili district military commander, said that Mr. Marker was flown to Kupang in West Timor, and would take another flight from there to Bali.

The East Timor military commander, Tono-Suratan, who was at the airport to see the UN envoy off, calmed the crowd by saying that "Marker has already met with various sides in East Timor and their respective aspirations have been heard."

The plane that was to have taken Mr. Marker to Denpasar, timed for a few minutes before taking off as the mob began to stream onto the tarmac.

The crowd left the airport peacefully about an hour later, Colonel Endar said, after the police and soldiers were sent to disperse it. No arrests were made, he added.

Earlier Sunday, Mr. Marker met with two key church leaders, the bishop of Dili, Carlos Belo, and the bishop of Baucau, Basilio do Nascimento, at a military officers' housing complex where the UN official was staying.

Mr. Marker held 40-minute meetings with Bishop Belo, a Nobel laureate, and Bishop do Nascimento. The bishops declined to comment on the meetings.

Mr. Marker, who was greeted by about 1,000 pro-independence supporters when he arrived here Saturday, met with military and government leaders in East Timor as well as representatives of various factions. (AFP, Reuters)



East Timorese pressing up against barbed wire fences surrounding the airport in Dili on Sunday as they protested after a visit by the UN special envoy to the Indonesian territory.

HERE IT IS — THE NEW NAME FOR TWO STRONG PARTNERS.
TOGETHER, WITH OUR COMMON STRENGTHS, WE'LL BE ABLE TO REACH
THE HIGHEST GOALS. WATCH OUT DAX, HERE COMES

Degussa-Hüls

Specialty chemicals now have a new spelling: Degussa-Hüls AG. The company will have 46,000 employees and will start with sales of more than DM 20 billion. Degussa-Hüls — an attractive new international company with high growth potential based on the combined strengths of two established firms. Degussa-Hüls — the latest word for more expertise, more commitment, more innovation.



A President on Trial / Support From the First Lady

Once Again, Mrs. Clinton Comes Out Fighting for Husband

10 Lawmakers Who Broke Party Ranks

WASHINGTON — These are the 10 lawmakers, five Republicans and five Democrats, who broke party ranks on the crucial first vote on impeachment to charge President Bill Clinton with lying to a federal grand jury.

By Melinda Henneberger
New York Times Service

WASHINGTON — As defiant as on the day she blamed the Monica Lewinsky scandal on a "vast right-wing conspiracy," Hillary Rodham Clinton went to Capitol Hill and blasted the impeachment process as unfair and politically motivated. She told House Democrats that the president would continue to fight and that they should, too.

band has been seen as crucial to his popularity, cited again and again by those who say they will stick with him, too, in statements along the order of "If Hillary doesn't mind, why should I?" or "That's between him, his God and Hillary."

publicans who wince at the mention of her name? On Saturday, though, her mission was clear. Mrs. Clinton is extremely popular among congressional Democrats — far more so than her husband — and she came to inoculate him against the possibility that Democrats could be persuaded that his resignation might be best for the country.

constitution and the presidency," said Representative Charles Rangel, who has himself been critical of the president at times. Not on Saturday, though. "Resign? We say, 'Hell, no.'"

CLINTON: President Faces Senate Trial

Continued from Page 1

different degrees and for different reasons, has claimed Mr. Clinton. Mr. Livingston and the retiring speaker, Representative Newt Gingrich, Republican of Georgia.

meaning 67 senators would have to support his ouster. Like Andrew Johnson, who escaped the ultimate political punishment by a single vote in 1868, Mr. Clinton could hang on to power. With Republicans controlling the Senate, 55 to 45, few in either party expect that enough Democrats will cross party lines to convict Mr. Clinton.

President and Mrs. Clinton on their way to a rally after the impeachment vote with, from left, Vice President Al Gore, Richard Gephardt, the minority leader of the House, and the White House chief of staff, John Podesta.

with Mr. Clinton to lie in the case and turned the recordings over to the independent counsel Kenneth Starr.

Partial Text of Articles of Impeachment as Voted by the House

The Associated Press
The Four Articles of Impeachment

ARTICLE 1: Approved by a vote of 228 to 206. Alleges that President Bill Clinton "willfully provided perjurious, false and misleading testimony" before the independent counsel Kenneth Starr's grand jury on Aug. 17.

provided perjurious, false and misleading testimony" in sworn, written answers on Dec. 23, 1997, and during his videotaped testimony on Jan. 17, 1998, in the sexual harassment lawsuit filed by Paula Jones.

up and conceal the existence of evidence and testimony" related to the Jones case. The article lists seven alleged acts of obstruction of justice.

ARTICLE 4: Rejected by a vote of 285 to 148. Alleges that Mr. Clinton "engaged in conduct that resulted in misuse and abuse of his high office." It says he "willfully made perjurious, false and misleading sworn statements" in his written responses to some of 81 questions posed by the House Judiciary Committee.

Clinton Job Rating Climbs, Poll Shows

The Associated Press

WASHINGTON — President Bill Clinton's job approval rating climbed over the 70 percent mark following his impeachment by the House of Representatives on Saturday, according to an NBC News poll.

SENATE: White House Hopes for Censure Deal but Draws Limits

Continued from Page 1

some Republicans that Mr. Clinton may try to drag out the preliminaries to build pressure for a negotiated deal.

his hand about his plans, except to say some time ago that a trial could be completed in "three days to three weeks."

identy. That means he would not agree to forgo a presidential pension or federal funds for a presidential library, as some have suggested.

UNCERTAINTY: What Happens Now? The Path Is Unclear

Continued from Page 1

more numerous the calls for resignation would probably be. Even before Saturday's epochal roll-calls, 4 of 10 Americans interviewed in the latest New York Times/CBS News Poll said they thought the president should step down if he were to be indicted, even though a large majority voiced disapproval of the impeachment proceedings.

The president will press hard, despite his much-reduced leverage, for a deal on censure. Indeed, in as fine a piece of political irony as one could ask for, he has already sought to enlist former Senator Bob Dole, the Republican he defeated in 1996, as an emissary to the Senate majority.

the former intern, Monica Lewinsky. The Republicans' public support has shriveled to 40 percent in the new Times/CBS News Poll, its lowest level in 14 years, and it could go lower once the fact of impeachment sinks in.

original two lawyers for Paula Corbin Jones in her sexual harassment lawsuit against President Clinton told a federal judge here that their former client owed them nearly \$875,000, or \$25,000 more than she is to receive from the settlement reached with President Clinton to drop the lawsuit.

POLITICAL NOTES

Extra! Papers Print Special Editions

NEW YORK — Newspapers around the country rushed to press with special editions on the historic impeachment of President Bill Clinton.

Quote/Unquote

Representative David Skaggs, Democrat of Colorado, who has been a leader in trying to dim the partisan rancor that has dominated the House in recent years: "It's hard, it's hard. It's more important to look beyond this. Nobody knows whether this place is going to be pulled apart so much that we can't do our business."

Jones's Ex-Lawyers Seek Compensation

LITTLE ROCK, Arkansas — The

President on Trial
Veteran

White House

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A President on Trial / A Remarkable Day

Even Veteran Lawmakers Are Left Gaping and Shaken

By Eric Pianin
Washington Post Service

WASHINGTON — Fearing that a controversy over his sexual past would undercut his power and tear apart his family, Representative Bob Livingston, Republican of Louisiana, told an astounded House he would not assume the speakership he claimed last month but would instead resign from Congress next year.

Mr. Livingston made his unexpected announcement Saturday during the impeachment debate on the House floor after pointedly calling on President Bill Clinton to resign, which at first stirred angry shouts from Democrats. "No!" they shouted. "You resign! You resign!"

But the chamber suddenly fell silent as the congressman revealed that he would end his own political career. "I believe I had it in me to do a fine job," Mr. Livingston said. "But I cannot do that job or be the kind of leader that I would like to be under current circumstances."

As he snod from the podium, members from both sides of the aisle rose in ovation.

Even as the House began voting articles of impeachment, Mr. Livingston's announcement precipitated an immediate leadership scramble among Republicans. Representative J. Dennis Hastert, Republican of Illinois, the chief deputy majority whip, swiftly emerged as the consensus candidate for speaker, with the backing of virtually every outgoing and future Republican Party leader.

In a year of bizarre political turmoil, the spectacle of a speaker-designate resigning on the same day the House voted to impeach the president over alleged lies in sworn testimony about an affair with a former intern left even the most seasoned veterans gaping and shaken.

"How many more good people are going to be destroyed next by Clinton?" asked Representative David Obey, Democrat of Wisconsin, a friend of Mr. Livingston's, fighting back tears.

"What are we going to do? Line them all up and mow them down?"

Representative Michael Castle, Republican of Delaware, added: "This is all so overwhelming. There have been so many bombshells you can barely turn your back."

At heart of Livingston's decision to resign was both political calculation and personal concern.

Mr. Livingston made his decision early Saturday, after a long night of soul-searching and consultation with his wife of 33 years, Bonnie. It was his wife who had insisted that he disclose his past extramarital affairs on Thursday, after learning that *Hustler* magazine was preparing an exposé about Mr. Livingston and other members of Congress.

At the heart of his decision was both political calculation and personal concern, according to associates and aides.

Even before his official election as speaker by the incoming House, Mr. Livingston's support among Republicans had begun to erode because of outrage among a handful of social conservatives and moderates over his sexual revelations.

Representatives Donald Manzullo, Republican of Illinois, and Steve Largent, Republican of Oklahoma, both committed religious conservatives, were among the most outspoken critics. A few prominent moderates said privately that they were upset because Mr. Livingston had not disclosed the affair before he was picked to succeed the outgoing speaker, Newt Gingrich, Republican of Georgia.

With Republicans holding a majority edge over the Democrats of only six seats in the incoming House, Mr. Livingston would have lived in constant fear of losing a handful of defections.

"He knew some members were in a quandary over the moral authority associated with him," said Representative Zach Wamp, Republican of Tennessee.

a Livingston backer. He added that discussions were under way Friday night "on who might be prepared to step in as speaker."

But Mr. Livingston was less concerned about his diminished support than the corrosive effect of the controversy on his marriage, which he said had barely survived his past indiscretions. His wife insisted that he resign the speakership to avoid more embarrassment and be complicit, according to several Republican lawmakers.

He did so as much for his wife "as for him and his country," said Representative W. J. Tauzin, Republican of Louisiana, a close friend. "His wife was in agony."

"He made some mistakes in his life that came back to bite him, and he did the honorable thing," said Mark Corallo, Mr. Livingston's press secretary. "He could have hung on as speaker, but who wants to bang on?"

Mr. Livingston, 55, a former federal prosecutor and until recently the chairman of the House Appropriations Com-



Bob Livingston leaving his office after announcing his resignation.

mittee, avoided reporters' questions other than to say: "I just woke up this morning and it seemed like a good thing to do." He added, "I feel great."

While many had high hopes that Mr. Livingston, an affable and highly popular lawmaker, would lead the House into a new era of comity, his relations with Democrats quickly soured when he recently sided with conservatives in blocking a House vote on censure as an alternative to Mr. Clinton's impeachment.

Hastert Appears Set for Post

Edward Walsh of The Washington Post reported:

Representative Hastert, a former high school wrestling coach with conservative views and a mild manner, appeared Saturday night to have sewn up the contest to become the next speaker of the House. Mr. Gingrich, the majority whip, Tom DeLay of Texas, and other powerful Republican lawmakers threw their support behind Mr. Hastert.

By Saturday evening, members said, Mr. Hastert had collected more than enough votes to ensure a smooth succession when the new Congress meets in January. Two other Republicans who briefly considered their own bids — Mr. Largent and Representative Christopher Cox of California — said they would back Mr. Hastert. There were no other potential rivals looming.

Mr. Hastert serves as Mr. DeLay's chief deputy, and has been a leading Republican figure on health care issues, overseeing the party's efforts opposing Mr. Clinton's unsuccessful health care plan in 1994. This year, he helped craft a Republican alternative to the administration's proposal for protecting the rights of patients with health maintenance organizations.

The White House Strategy

Republicans Are, in Effect, Shutting Down Government, Clinton Spokesmen Will Say

By James Bennet
New York Times Service

WASHINGTON — As the House voted on impeachment, President Bill Clinton had already worked out a strategy to govern as no president has for 130 years, under impeachment and in the glare of Senate trial.

The White House is planning a much more aggressive defense of Mr. Clinton's conduct before the Senate than it presented to the House, alongside a blaze of campaign-style events early next year to promote his policies around the country.

On Saturday morning, his senior aides spent more than two hours discussing proposals for his State of the Union message next year, even as they monitored the turbulent debate before the impeachment votes on Capitol Hill.

Expecting Republican resistance to any legislation backed by Mr. Clinton, his aides are prepared to argue that the Republicans are in effect shutting down the government for partisan reasons, once again.

"The Republicans run a risk if they pursue a strategy that puns America's interest last," said Joe Lockhart, the White House press secretary. "The public has a certain amount of tolerance for partisan politics, and they've had just about enough."

But even some of the president's loyalists wonder if this approach — versions of which he has used time and again to battle back from political reversals — will work now, in the untried, complex political environment he enters with the vote Saturday.

"There's no way he's going to be able to get anything done," said Leon Panetta, the former chief of staff. "It's very tough to get anybody's attention when there's a train going by behind you: They'll see your lips moving, but they won't hear anything."

White House aides as well as outside experts argue that Mr. Clinton will retain a stronger hand in foreign policy, where the chief executive is always free to act. The real question, they say, is whether he can promote his ideas domestically, against contemptuous opposition in the legislative branch.

Mr. Clinton has been acting on a lesson he has repeated to his aides since the first confronted national scandal as a candidate in 1992: "I'll make this about their life, rather than mine, we'll all be better off," as one Clinton adviser recalled.

But Republicans will try to make it about him, the White House expects, arguing that he should resign.

"He is not resigning," one of Clinton's closest advisers said. "It's just not in his nature."

Impeachment and the Senate trial, together with the venom coursing through Washington, could guarantee legislative stalemate well into 1999, in the view of White House aides and other political experts.

But the president will be ready to present himself as bursting with ideas. For weeks now, Mr. Clinton has been meeting behind closed doors at the White House to pick budget priorities for next year and to tote up his annual laundry list for the State of the Union address. He will promote those ideas, many of which are poll-tested for popularity, in a tip around the country immediately after the speech, aides said.

Topping that list this year is a plan to fix Social Security, which the White House is still formulating. For years, Mr. Clinton has counted on achieving entitlement reform as a lasting accomplishment.

The White House is also planning to push for more spending for school construction, tax cuts for scientific research, and regulation of managed care plans. The president wants to present a plan to cut smoking among children, and to revive a call to tighten the campaign finance system.

In foreign affairs, Mr. Clinton can also expect challenges to authority, which began even before he ordered strikes on Iraq last week. But the United States — and the executive branch — still wields so much clout in foreign affairs that Mr. Clinton is likely to keep more room to maneuver overseas.

With the continued support of leaders like Prime Minister Tony Blair of Britain also giving Mr. Clinton some shelter, the White House is sketching out foreign travel for him next year.

Over and over, Mr. Clinton's aides in recent conversations recalled the battles fought and won over the last six years, when the "chattering classes" — as they uniformly refer to almost anyone on the margins of professional politics — counted them out. The health care debacle of 1994; the budget shutdowns of 1995; and even 1998, when Mr. Clinton managed to achieve many of his budget priorities despite the furor over his relationship with Monica Lewinsky.

"The history of Bill Clinton," said Don Baer, a former senior aide, "is that when he does come back — as I think he will again — he's always stronger."

Rabbi Emanuel, another former adviser with close ties to Mr. Clinton, provided a preview of the likely White House line of attack: "One way or another, they've determined to have another lockdown of the government, and you can't allow that kind of political carelessness to govern."

But the argument that the Republicans are obstructionist may not work after the House of Representatives has branded Mr. Clinton unfit for office.

"If Clinton were a Franklin Roosevelt, and if his agenda were, say, Roosevelt's agenda of 1935 — with Social Security and rural electrification and aid to farms — then that argument on Clinton's part would be much more persuasive," said William Leuchtenburg, a professor of history at the University of North Carolina at Chapel Hill. "But this is a man who ended the welfare system, who said the era of big government is over, who has been advocating programs such as putting school children in uniforms. There's not a lot of Clinton program to rally around."

Rather than simply block the president's program, Republicans, with new leadership in the House, may try to push their own proposals through, to capitalize on and underscore his weakness. But a larger House Democratic minority in the next Congress and an infuriated White House are likely to block any such move.

White House aides said they would welcome any ensuing debate. "We'd like nothing better," said one senior adviser. "It's the reason why we cleaned house in '98."

If Mr. Clinton's strategy works, and he survives the Senate trial, his own urge to score some legislative achievements may cause discussion within the Democratic Party. Congressional Democrats will be more interested in storing up frustrated goals to run on in 2000 than in passing legislation.

"You could see a very delicate situation between the president and the Democrats," Mr. Panetta said.



People arguing outside the Capitol in Washington while the House voted to impeach President Bill Clinton.

A Numb Nation: From 'Very Saddened' to 'Hooray!'

By Robert D. McFadden
New York Times Service



Marat Moore of Washington holding a copy of the constitution as she awaited the House vote Saturday.

NEW YORK — Many Americans voiced anger, disgust and frustration with the proceedings. Some radiated grim satisfaction. But as President Bill Clinton's long, painful journey from scandal to impeachment ended, most Americans were just numb, in a word, in a word.

As the House cast the fateful votes to send perjury and other charges against Mr. Clinton to the Senate for trial, countless Americans paid scant attention, opting for football on television or Christmas shopping, a reflection of polls that had shown that the people overwhelmingly opposed an impeachment that was a foregone conclusion and were sick of the whole mess.

Still, there was great drama in the day — the bombs falling in Iraq, the stunning announcement that Representative Bob Livingston, Republican of Louisiana, would not serve as speaker and would resign from the House after admitting adulterous affairs and the realization by many that the impeachment of a president had occurred only once before, 130 years ago.

And around the nation, Americans paused in homes, restaurants and shopping malls decked out for Christmas to watch the televised spectacle. Some en-

dorsed the Republican-dominated vote to impeach, insisting that even a president was not above the law and that impeachment was necessary for moral accountability. Others called on the president to resign and spare the nation months of agony.

But in interviews in New York, Seattle, Boston, Los Angeles, Chicago, Miami, Houston and other cities, most people, while deploring Mr. Clinton's behavior in trying to cover up his affair with Monica Lewinsky, said they opposed impeachment, calling it excessive punishment and perhaps harmful to the nation.

"It strikes me as dangerous," Greg Noonan, a first-year law student at Harvard, said as the impeachment vote flashed on a television screen at the Three Aces, a restaurant in Cambridge, Massachusetts.

"And most infuriatingly of all, it strikes me as completely ignoring the will of the American people."

In Seattle, several people working out at the Olympic Athletic Club shook their heads in disgust as the vote unfolded on overhead screens.

"I'm very, very saddened, and I'm very, very angry," said Ross Carey, a doctor, who said the Republicans had "put politics ahead of what is best for the country."

Bob and Carol Wentink, a Chicago couple, said impeachment seemed excessive for what the president did. "It's

a shame," said Mr. Wentink, 54, an electronics designer. "I think there's too much interest in private lives. While he did wrong, I don't think he deserves to be impeached."

His wife, a retired teacher, added: "I think it's a huge mistake. It's going to affect the way people around the world look at us."

Evian Ackerman, 28, a financial consultant in Miami, also called impeachment inappropriate. "But that doesn't necessarily mean I like Clinton," he added. "Even if he is a sleazebag, they should wait until he leaves office. He should be scolded, sued for millions of dollars, reprimanded."

Greater forgiveness was to be found at the Hair Place, a beauty salon in the New York City borough of Queens. "So be lied under oath," said Diane Barnett, 41, an office manager who lives in Roosevelt, Long Island. "The issue is, Everybody lies. It's like his wife said: There are so many other issues, like hunger and health care, to be concerned about."

Paul Trager, 62, a silversmith from Cincinnati, said the impeachment had been motivated by pure politics. "It's partisan, it's unfair, it's a witch hunt," he said in Los Angeles, where he was visiting. "I'm sick of what the Republicans have done over the past few years — so squeaky clean and hypocritical. It's sad and bizarre."

Around the country, however, there were many who approved of impeachment.

"Hooray!" yelled Ann Jewel, who heard the news in Chicago.

A 57-year-old receptionist for an insurance company and the mother of five, Ms. Jewel said she had voted twice for Mr. Clinton, but had come to believe that he betrayed the country and was not sincere in his many apologies. "He put his hand on the Bible and lied," she said. "A lot of things can be forgiven, but to be forgiven a person has to be sorry. He cannot be forgiven just because he is caught."

In Houston, Monika Miura, 48, a legal librarian, said that Mr. Clinton, like any citizen, had to be called to account for lying under oath. "If anyone needs to be above reproach and needs to be an honorable individual, it should be the president," she said. "This is not an issue about sex. This is an issue about honor and truthfulness."

Gertrude Jackson, 75, a retired Chicago department store cashier, also said that she favored impeachment and that it was not about sex.

"Everybody knew when he was elected that he was a woman-chaser," she said. "He just got too big for his britches. He broke the law. He should be punished."

In Denver, John Harless, a 53-year-old retired banker, said Mr. Clinton had no one to blame but himself. "It's a somber moment, and I'm not happy about it," Mr. Harless said. "He did some good things. It's too bad he recklessly endangered the office of the president. He ruined his own presidency."

Hardly anyone defended Mr. Clinton, but many expressed concern over the possible effects of his impeachment — on the economy, on the stability of government, on the conduct of foreign affairs and on the future of the nation.

Behind Livingston's Fall: An Eccentric Pornographer

By Howard Kurtz
Washington Post Service

WASHINGTON — When Larry Flynt can use sexual disclosures to bring down the incoming House speaker on the day the president is impeached for lying about sex, something has obviously changed in the media and political culture.

The stunning announcement by Speaker-elect Bob Livingston that he would resign, just 40 hours after admitting to extramarital affairs uncovered by the *Hustler* publisher, shows that even an eccentric pornographer can use cash and trash to topple an elected leader.

A year that began with saturation coverage of President Bill Clinton's affair with a young intern is ending, with a series of media outtings of the sex lives of Republican lawmakers.

Asked about Mr. Livingston's resignation, Mr. Flynt said: "I'm happy if my efforts had anything to do with it. I think right-wing radical bullies like him are more of a threat to our unique form of democracy than anything else."

While Mr. Flynt told CNN he believes sex "should be a private matter," he added:

"Desperate times deserve desperate actions. Look at what they were doing to the president."

Mr. Flynt's role in offering up to \$1 million for sexual dirt on members of Congress "reduces this whole thing to the theater of the absurd and a lowest-common denominator that even the soundbells among us don't want to

achieve," said Martin Fitzwater, who was White House press secretary for Ronald Reagan and George Bush.

"There's virtually no zone of privacy left for any public official," said Sanford Ungar, dean of American University's School of Communication. "And there are many co-conspirators in creating that situation — politicians themselves, the media, the Internet." He added, "This town has gone nuts."

In a further sign of Washington's super-charged atmosphere, reporters were deluged with sexual rumors and allegations against prominent politicians of both parties, in some cases by sources seeking

cash. And some journalists were essentially trying to scoop *Hustler* by learning the identity of Mr. Livingston's paramours.

"The source of this gutter journalism, Larry Flynt, is paying for dirt on people," said the editor of the *National Review*, Rich Lowry. "It has a smell about it."

"We've been tabloid-laundries for years," said Margaret Carlson, a columnist for *Time* magazine. "Now we're Flynt-laundries. Maybe we're reaching the point where we're so sickened by all this that we stop. It's beginning to look like a bad Italian opera where at the end everyone is dead."

Bizarre as Mr. Flynt's involvement seems, *Hustler* is merely the latest media outlet to scrutinize the private lives of

public officials. From the Miami Herald to the *National Enquirer*, from Newsweek to Matt Drudge, from the Indianapolis Star to Salon, the old limits on what was deemed fair game for aggressive journalists have been all but obliterated. There are simply too many pathways — front door, back door, basement drainpipes — for sleaze to drip its way into the mainstream media.

No news organization says it is delving into sexual matters simply for salacious effect, or to sell newspapers or grab ratings share. The investigations are generally attributed to the importance of some larger value, such as character, dishonesty or hypocrisy.

This, of course, has been the mantra of prosecutors, Republicans and many journalists in probing Mr. Clinton's relationship with Monica Lewinsky — the notion that it's not about sex, it's about perjury. But that in turn has emboldened some journalists to ask whether those judging the president have sexual skeletons in their own closets.

"Even Larry Flynt, while he's doing it for publicity, in his own twisted way has a history of using embarrassment and sexuality to expose what he sees as hypocrisy," said Tom Rosenstiel, director of the Project for Excellence in Journalism.

In today's hyperactive media world, he said, "there are no gatekeepers any more. These things are no longer vetted

by the press. They're vetted by the public."

The sexual outtings in the last four months have all been framed as a reaction to Republican criticism of Mr. Clinton and Ms. Lewinsky. That was the rationale offered by the Indianapolis Star & News in reporting that Representative Dan Burton, Republican of Indiana, had fathered a son out of wedlock, and by the Idaho Statesman in disclosing that Representative Helen Chenoweth, Republican of Idaho, had had a relationship with a married man.

Salon, the left-leaning on-line magazine, declared flatly that "angry times require ugly tactics" in unearthing a 30-year-old affair by the chairman of the House Judiciary Committee, Henry Hyde, Republican of Illinois.

Mr. Livingston, like his Republican colleagues, preempted the *Hustler* disclosure late Thursday by acknowledging the affair — giving the mainstream press a license to report them without having to wrestle with Mr. Flynt's credibility.

Other politicians may face the same dilemma. For Mr. Flynt says his big-bucks offer has produced information on infidelities by up to a dozen members of Congress and senior officials.

"I assure you, there are many others to come," Mr. Flynt said. "We intend to take this to the mat, all the way."

One outcome of such personal investigations could be "just a blind anti-journalism hatred," said Charles Peters, editor of the *Washington Monthly*. "It's just terrifying to go into public life today and know there's going to be all this inquiry into your private life."

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

After Impeachment

Censure by the Senate

Since the House of Representatives mirrors the best and worst in the American political system, it was perhaps fitting that Saturday was such a tumultuous and unpredictable day. It saw an orderly, if misguided, use of the constitutional process. It brought passage of two articles of impeachment against President Bill Clinton on a brutal party-line vote that defied the will of the American people. It brought the abrupt resignation of Representative Bob Livingston, a Republican leader who had failed to seize his opportunity to lead his party from the thick of blind partisanship.

Yet, with both the White House and the majority party in Congress locked in a crisis of leadership, one element remained unchanged. The way back to stability is a censure resolution that condemns Mr. Clinton for lying under oath but allows him to remain in office. The task of securing that outcome passes dramatically to the Senate, a body that prides itself on being the American government's citadel of balanced judgment in the midst of crisis.

As the magnifying lens of history fixes upon the Senate, we will see whether its majority leader, Trent Lott, can carry the burden that crushed Mr. Livingston. The latter will be viewed in the short term as a victim of the sexual puritanism that he had wielded as a weapon against Mr. Clinton. But in the longer view Mr. Livingston will be remembered for allowing the hard-liners in his party to rush the country to an unnecessary impeachment showdown.

Senator Lott's first challenge is to block the move by House Republicans to force Mr. Clinton to follow Mr. Livingston's example by resigning. The attempt to force the president to resign would be a repudiation of the public will. Moreover, it would threaten the rule of law by showing that Congress cannot define and enforce an appropriate penalty for a president who

has failed in his duties, but whose misconduct does not meet the constitutional standard for removal.

Mr. Lott's second challenge, then, is to guide the Senate to the stern, bipartisan resolution of censure that has been endorsed by many Republican elders. Tim Russert of NBC News has reported that discussions are under way among a bipartisan group of senators about a censure that would involve some form of presidential admission about false testimony, a heavy monetary fine and an effort to restrain future conduct of Mr. Clinton.

If Mr. Lott refuses to allow this kind of flexible, bipartisan search for censure, the burden of his abdicated leadership will fall upon respected members like Joseph Lieberman on the Democratic side and Orrin Hatch for the Republicans. Through cooperation, they can guide the Senate toward a punishment that fixes Mr. Clinton in history as a president who lied under oath, but avoids the taint of partisan vengeance associated with the House impeachment vote.

But even if the senators behave responsibly, they and the country face the problem of dealing with a battered president whose calculated strategy of lying over the airways and under oath has prolonged this crisis for a full year. If Mr. Clinton clings to his deluded effort to make Congress and the American people endorse the insulting fiction that he did not lie under oath, he will feed the Republican efforts to force his resignation. He will also invite a showdown at his Senate trial on the strong evidence behind the impeachment article charging him with grand jury perjury.

Under Senate rules, the 45 Democratic members need only six Republicans for the simple majority that can adjourn the trial at any time and open the way to a censure resolution. But these votes cannot be purchased with more lies from Bill Clinton.

—THE NEW YORK TIMES.

It Was a Mistake

The vote on Saturday by the House of Representatives to impeach President Bill Clinton for lying to Kenneth Starr's grand jury and for obstructing justice in the Paula Jones case was a mistake. It had an understandable basis, given both the president's misdeeds and his consistent and infuriating unwillingness to acknowledge them. But impeachment's supporters, in their enthusiasm to defend the legal system against Mr. Clinton's abuse of it, ignored the long-range implications of their own votes. They have collectively—in some cases for reasons of deep conviction, and in other cases out of partisanship—lowered the bar for future House actions against presidents.

In the course of the debates in the Judiciary Committee and on the House floor, anxiety about depressing the standard of impeachment has become something of a cliché. But it is not mere rhetoric. The adoption of the two articles of impeachment that the House, essentially along party lines, voted to send to the Senate is damaging in its own right. That the House also rejected two of the proposed articles—the one alleging abuse of power in connection with Mr. Clinton's statements to the Judiciary Committee, and the other alleging perjury in the Paula Jones case—minimizes the damage only by degree.

Grand jury perjury is a serious offense, one of which we believe the president probably guilty—although, perhaps, not prosecutable so. These presidential lies sit at the margins of impeachability, and whether or not this article should have passed was a close call. In the end, however, the very closeness argued against it. The conclusion that any violation of the law by a president must willy-nilly result in impeachment, although tempting, is simply too easy. The majority's claim that perjury warrants impeachment irrespective of the contents of the perjurious statements ignores both discretion and the underlying purpose of impeachment as the ultimate defense mechanism for democratic government. Following the passage of this article, it is no longer a stretch to imagine that violating any criminal law, no matter what the circumstances of the offense, could be construed as impeachable in the future.

The obstruction article followed no independent House investigation and,

although it had a significant factual basis, proceeded in the face of contradictory evidence. To free the House from the discipline of substantially investigating its allegations before impeaching on them is to open the door for reckless impeachments. The perjury article widens the scope of allegations that can reasonably form the basis of an impeachment. The obstruction count stands for the unfortunate proposition that factual rigor no longer need be a necessary component of an impeachment.

Making it all worse was the crude power play by Republicans in blocking consideration of the Democratic censure alternative. Many Republicans justified the move with grandiose, if meritless, constitutional arguments; the leadership justified it in the name of the rules and precedents of the House. In fact, the move was an effort to deny members a true vote of conscience.

The impeachment question was a much tougher one than the White House and its defenders will acknowledge, and many of the incremental decisions that led to the vote on Saturday were also difficult. But the combined message of Saturday's votes is that a single party in a lame duck Congress can impeach a twice-elected president who retains substantial public confidence. It can do so, moreover, on the strength of inadequately supported allegations of charges for which prudence might well caution against impeachment. And it can do so, finally, by heavy-handed tactics preventing members from adopting more cautious alternatives. One does not have to be a supporter of Mr. Clinton to worry that this message is dangerous both for the presidency and for the rule of law in the name of which he has now been impeached.

—THE WASHINGTON POST.

Other Comment

Wacky Role Reversals

The Republicans were so determined to do their high-tech lynching that they engaged in wacky role reversals. Many Republican lawmakers argued that Bill Clinton should not be bombing Saddam Hussein, claiming that the timing was suspicious, even though they had hammered him for not bombing five weeks ago.

There's too much hate here.

—Maureen Dowd, commenting in The New York Times.

Leadership Means Good Ideas and Good Character

By David S. Broder

WASHINGTON — Leadership by example. That simple phrase evokes the most basic of values — responsibility, trust, honor and courage. It came into view in dramatic fashion Saturday morning when Bob Livingston, the Louisiana Republican, said he would step aside as the speaker-designate of the House of Representatives.

"I cannot do that job or be the kind of leader that I would like to be under current circumstances," he said, referring to charges of marital infidelity that he had acknowledged two days earlier. "So I must set the example that I hope President Clinton will follow."

His words brought a note of sobriety and solemnity to what had been an increasingly harsh and partisan debate. Some Republicans had barely been able to contain their glee at the prospect of punishing a political foe who so often had outwitted them. Some Democrats, frustrated by the refusal of the majority to allow them the easy option of a censure resolution, lashed out at an "impeachment coup d'état."

But Mr. Livingston's challenge hung in the air. The White House and House Democratic leaders responded by urging him to reconsider and not give in to what the minority leader, Dick Gephardt, called "tactics of fear and smear."

tactics are indeed obnoxious, whether they emanate from the publisher of *Hustler* or from a political "war room."

But the charges facing the president stemmed from a sexual harassment suit which a unanimous Supreme Court — unwisely, in my view, but nonetheless unanimously — allowed to proceed during his tenure in office. They stemmed from the investigation of an independent counsel, whose work was authorized by the attorney general, an appointee of the president. Some of the tactics used by that independent counsel, Kenneth Starr, offended my civil libertarian instincts, but they were permitted by the authorities who appointed him.

The president challenged many of those measures in court, but his claims were rejected. In the course of protecting himself from the consequences of his disgraceful behavior with a White House intern half his age, he may well have lied to a federal grand jury.

It is those alleged lies which are at the heart of the perjury and obstruction of justice impeachment case that the House voted on Saturday to send to the Senate for trial. There the president will have the opportunity he deserves to challenge

evidence assembled by the independent counsel and presented by the House Judiciary Committee.

The case is one on which men and women of goodwill can conscientiously differ. The Senate has an abundance of such people. Republicans and Democrats who will look beyond partisanship and public opinion polls and weigh the needs of the nation and the dictates of the constitution. The president could not hope for a better forum.

The constitutional requirement of a two-thirds majority for conviction in the Senate dictates that the 55 Republicans and the 45 Democrats consult in a serious manner if they are to reach a verdict. In theory, the Democrats could agree in caucus to block conviction. But any effort to impose party discipline on a matter of such constitutional gravity would be repudiated by many Democrats, including the party's senior member, Robert Byrd of West Virginia.

Meantime, the Livingston challenge and example remain. No one can seriously dispute his assertion that Mr. Clinton's behavior has "done great damage to the nation." Resignation is one way of remedying that damage, but it is a remedy that only Bill Clinton can apply. In considering that option, I would hope that he would weigh the

words of one of the most honorable, least partisan members of the House, Representative Jim Leach of Iowa.

Mr. Leach is a Republican who has led by example. As a young Foreign Service officer, he resigned his post to protest Richard Nixon's "Saturday night massacre" of independent counsel Archibald Cox and senior Justice Department officials. In 1997, he put his chairmanship of the Banking Committee in jeopardy by refusing to vote to continue the scandal-stained Newt Gingrich in the speaker's chair, instead casting a symbolic ballot for retired former Republican leader Bob Michel.

Explaining his "reluctant" vote for impeachment, Mr. Leach said: "In fulfilling his constitutional duty to lead the United States government, the president has an implicit obligation to stand as the apotheosis of American values. While ethics are ... at bottom a matter of individual responsibility, an American president must be above demeaning behavior and free of any shadow concerning allegiance to the law and to the truth. ... Leadership is a conjunction of good ideas and good character. One without the other is unsustainable."

So Mr. Livingston concluded. Does Mr. Clinton think otherwise?

The Washington Post.

For Clinton's Enemies, the Will of the People Doesn't Matter

By Bob Herbert

NEW YORK — In the end, the will of the people meant nothing. Bob Livingston could not have been clearer about that.

His mind and the minds of his followers were closed. Even as the bombing continued in Iraq and Americans from coast to coast were clamoring for an alternative to impeachment, even as his own adulterous past was being flushed out in the grotesque invasions of privacy that inevitably followed the relentlessly prurient pursuit of the president, even as the country began to contemplate the destructive effects of a lengthy and bitter Senate trial, the speaker-designate arrogantly and stupidly proclaimed: "Let us disregard the outside influences."

The radicals on the Hill would hear nothing but the echoes of their own fanaticism. Impeach! Impeach!

And that continued even after the stunning announcement Saturday morning that Mr. Living-

ston would leave the House.

Dismailed by the partisan stampede, Dick Gephardt, the Democratic leader, warned during the impeachment debate on Friday: "In your effort to uphold the constitution, you are trampling the constitution."

David Bonior, the Democratic whip, said: "This is wrong. It is unfair. It is unjust. At a time when events in the world and the challenges at home demand that we stand united, censure is the one solution that can bring us together. To my colleagues across the aisle, I say let go of your obsession. Listen to the American people."

But the voices of reason would not be heard. Mr. Livingston and his right-wing colleagues, the Tom DeLays, the Henry Hydes, the Bob Barrs, were on a mission of destruction and would not be denied. Ordinary Americans could cry out all they wanted. They could

protest and demonstrate, send faxes and e-mails. It didn't matter. The right was on the march and democracy was on the run.

Representative Thomas Barrett, Democrat of Wisconsin, tried to remind his Republican colleagues that the constitution "does not allow you to remove a president from office because you can't stand him." He was, of course, ignored.

The Republicans will pay a huge price for their brazen, utterly partisan attempt to drag a president from the White House in defiance of the will of the people. The party's contempt for the voters was arrogantly but quite adequately summed up by Alan Simpson, the former senator from Wyoming: "The attention span of Americans is which movie is coming out next month and whether the quarterly report on their stock will change."

If the voters are the dopes that

Mr. Simpson thinks they are, then come 2000 everyone will have forgotten that there was an impeachment crisis. But Representative Robert Menendez, Democrat of New Jersey, was probably closer to the truth when he said, "I warn my colleagues that you will reap the bitter harvest of the unfair partisan seeds you sow today."

One of the many strange events of the past couple of weeks was the way in which virtually all of the previously undecided Republicans, the so-called moderates, surrendered their independence and lined up like lackeys to follow the right wing's lead.

All proclaimed loudly that they were voting on principle, but in fact it was an exercise in mass cowardice, exemplified by Representative John McHugh of upstate New York.

Mr. McHugh announced on Tuesday that he would vote for impeachment. If his decision was based on principle, he had

an odd way of expressing it. The Washington Post said he appeared to have no stomach for a Senate conviction or removal of the president from office. Of his colleagues in the Senate, Mr. McHugh said, "I, for one, would accept, even welcome, their mercy." In other words, let the Senate do the heavy constitutional lifting.

Representative McHugh may have wished out loud for mercy, but he clearly was too frightened of the right-wingers in the House to cast a compassionate vote himself.

The Republicans can no longer conceal that they are a party of extremists, of right-wing absolutists, a party out of step with the political and cultural orientation of most Americans. Bob Livingston may be leaving, but his arrogant comment can still serve as his party's slogan: "Let us disregard the outside influences." Let us disregard the people.

The New York Times.

Let's Hope Clinton Stays on the Job and Fights It Out

By Richard Cohen

WASHINGTON — It can be said, probably without contradiction, that Andrew Johnson would have joined the ranks of forgotten presidents had not been impeached. Lacking a war, a depression or something similarly dramatic, he earned his place in history by clinging to his presidency, saving it and its authority for those who came after. Now it is Bill Clinton's turn to do something similar.

The calls for his resignation have already been sounded, and now, with Bob Livingston quitting, they have been amplified. The arguments are sometimes good, always familiar: For the good of the country, for the good of the party, the good even of Al Gore. These are all serious

considerations and I do not dismiss them out of hand. In time, Mr. Clinton may serve the presidency best by leaving it.

But not now. Not yet. He owes all Americans, not to mention the presidents who come after him, a good fight.

This, after all, is an attempt to depose a president, a momentous event on the face of it, although tedious and tawdry beneath the surface. At its core, really, is something besides a stated concern for the rule of law: This president was impeached not just because he lied (and, yes, he did) but because he is loathed.

The proof came with the at-

tack on Iraq. This produced a Perry Mason moment, something akin to the standard scene in which clever Perry gets the bad guy to blurt out the truth on the witness stand. In this case, several important Republicans could hardly contain themselves. Instead of saluting their commander in chief and issuing the standard statements of support, a brawl ensued.

Senator Trent Lott, the majority leader and former University of Mississippi cheerleader, burst onto the field, leaving his brains on the bench. "I cannot support this military action ... at this time," he said. Gerald Solomon, Republican of

New York and chairman of the House Rules Committee, was even harsher. When asked by CNN if he felt that the reason Mr. Clinton bombed Iraq was "to affect the impeachment," he replied, "In my opinion that's the only reason." Others on the Hill murmured similar statements. Suddenly, amid all the talk of truth, here was, unexpectedly, truth itself. These guys really hate Bill Clinton.

Oh, sure, they have their reasons. He is a sneaky guy, dripping charm and lies like a headwaiter promising a table in a few minutes. He bested the Republicans repeatedly, sometimes by dealing from the bottom of the deck. He lied to Newt Gingrich and to other congressional leaders, causing them to sputter with fury. He was smarter than they were and traveled lighter, unburdened by matters of conscience. To Mr. Clinton, lies and truth are equally useful. If one won't do, try the other.

This is why the outburst over the attack on Iraq was important. It showed the depth and the passion of the feeling against Mr. Clinton. Mr. Lott and Mr. Solomon, each in his clever way, were articulating the widespread sentiment that Bill Clinton is a liar, and not just about sex. Even reasonable Republicans — and quite a few Democrats as well — agree. They got him on sex for the same reason the Feds got Al Capone on tax evasion: Because they could.

The lies that vexed Mr. Gin-

grich, the lies told to others and, in the case of Monica Lewinsky, to us all, may be reprehensible. But they should not have been impeachable. The lies that turned out to be impeachable were all connected to sex.

Mr. Clinton lied to protect himself from embarrassment, from a mortification that, as anyone could see from the tape of his grand jury testimony, chilled him to his quick and powdered his face with the pallor of death. He lied because the truth was a cancer from which he might never recover.

A majority of Americans understand that. A majority do not share or even fathom the hatred that the Washington Republicans have for this president.

Maybe, though, they will understand that if loathing or hatred, contempt or whatever, is going to form the underlying motive for impeachment, then it could happen again. Next time it could be even more overtly ideological. Will one side in the abortion-school prayer-pornography-homosexuality debate punish a president who opposes them? Could be.

William Jefferson Clinton did lie, and as a result he was impeached. The cries have already come for him to resign and spare the nation the legal trial, the ugly display of raw hatred that may yet come. But for now the best thing he could do for his country is stay in office and win acquittal or accept censure. He is not, as it happens, a worthy man, but this is a worthy fight.

The Washington Post.

East Asia Cares About the Gulf

By Gerald Segal

LONDON — Responses in East Asia to the latest bombing strikes against Iraq tell us about the priorities of the Asian powers and about the risks for the region if the United States should fail to prevent Saddam Hussein from assembling an arsenal of weapons of mass destruction.

To the surprise and delight of U.S. officials, Japanese Prime Minister Keizo Obuchi issued a forthright defense of American action in the Gulf. Meekly-mooted Japanese backing for the United States during the showdown with Iraq last February, prompted by fears that strikes on Iraq might somehow disrupt the Winter Olympics in Japan, was typical of a Japan that seemed incapable of thinking strategically.

But since then Tokyo has grown bolder. Alarmed by North Korea's August launch of a missile over Japanese territory, and attempts by China to browbeat Japan into kowtowing over its brutal behavior before and during World War II, Japan increasingly sees a need to support its American ally.

The Chinese response to the raids on Iraq was sharply worded verbal attacks on the United States. The Chinese feel that if the United States is able to use force at will in the Gulf, it will feel free to do the same in Asia.

China's long-term strategic objective is to undermine the United States as the sole superpower, and the Gulf provides an opportunity without putting China in direct con-

frontation with Washington and its allies.

The shrillness of the Chinese reaction owes something to a sense of frustration in Beijing about recent U.S. strategic successes in Asia.

The diplomatic humiliation of President Jiang Zemin in Japan when he failed to obtain a deeper Japanese apology about World War II has made him and his strategy of constructive engagement with the United States vulnerable to hard-line critics at home.

China is clearly failing to prize Japan away from the United States, and Chinese failure to manage a destabilizing North Korea ensures that Beijing is ever more likely to face a tighter U.S.-Japanese coalition.

The shambles of the recent summit meeting in Vietnam of the Association of South East Asian Nations demonstrates the weakness of ASEAN and the poverty of the Chinese strategy to build ties to it as a counterweight to the U.S.-Japanese alliance.

Increasing support from Singapore for the United States suggests that Washington has real backing in key ASEAN states. The fact that Malaysia's prime minister, Mahatir bin Muhammad, denounced U.S. actions in the Gulf comes as no surprise. His implicit appeal to Islamic solidarity is seen as further evidence of just how much he is out of touch with the real world.

Australia offered robust

support. South Korea's modest rhetorical backing was a disappointment, but not surprising given the increasing rift with Washington about the virtues of an uncritical South Korean "sunshine diplomacy" toward North Korea.

The U.S. concern about weapons of mass destruction, which played such a crucial role in the decision to strike Iraq, is clearly not the main priority for South Korea.

In fact, if South Koreans and other East Asians contemplate the risks of American failure in the Gulf, they will appreciate just how much the Gulf conflict matters.

There is a cynical tendency in East Asia and elsewhere to see air strikes as tied to President Bill Clinton's domestic woes, but the reality is that the strategic stakes are very high, especially in Asia. If America does not prevent Iraq from acquiring weapons of mass destruction, U.S. credibility will be severely damaged. And a failure in the Gulf would enhance an American tendency toward isolationism.

The prospect of the United States leaving the East Asians to their own devices leads Japan, Singapore and Australia to do what they can to reassure their American ally. It is also what stimulates China to make life difficult for it.

The writer is director of studies at the International Institute for Strategic Studies and director of Britain's Pacific Asia Program. He contributed this column to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Kissing Tour

NEW YORK — Naval constructor Holman continues his kissing tour. He broke the record in Kansas City, where he kissed 417 fair ones in one evening. He held a reception at the hotel, at which were present all kinds of women, both fashionable ladies and schoolgirls, and would not give an autograph without a kiss. Some professed indignation, but all yielded, many after playful struggles.

1923: A Lynching

NEW YORK — Many years ago the citizens of Marlow, Okla., decided that no negro would ever stay there overnight and posted numerous signs to that effect. Three days ago [Dec. 19] Robert Jernigan, a negro, who took a job in a Marlow hotel, stayed on until two o'clock in the morning. Now he is dead as well as Mr. A. W. Birch, the man who

employed him. Fifteen men dragged Jernigan out of bed, and when Mr. Birch tried to interfere with the lynching party he was shot. The men did not conceal their identity.

1948: Relay Mischief

MOSCOW — The girls lined up for the annual relay of the Young Communist League Cup. Miss Kravitskaya, the fastest of them all, was at the tape. Just as the starter was about to fire his gun, a man on a motorcycle snatched up Miss Kravitskaya and sped away. He turned out to be the coach of the rival team. But Miss Kravitskaya refused to surrender. She broke away, dashed toward the river, jumped into a boat, and began rowing. She reached the opposite bank and began a race against time to reach the track before the race began. Miss Kravitskaya lost the race, but she and her team were promised justice.

Herald Tribune

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BOOKS

LEARNING A TRADE
A Craftsman's Notebooks,
1955-1997

By Reynolds Price. 605 pages. \$34.95.
Duke University Press.

Reviewed by Carolyn See

THIS long volume of Reynolds Price's notebooks has been published by the author in the hope, he writes, that it may serve as a "practical companion for younger applicants aiming, as I've been, to enter a guild as forbidding as any." In other words, Price suggests that his notes about writing might help younger writers to get some kind of handle on the literary "trade" (which he likens in one or two sentences to cabinetmaking) and give those same would-be writers a possible way to understand their own "creative metabolism," a method for measuring the strength of their creative impulses.

But Price is like a great French chef who gives out the recipe for a signature dish and leaves out one or two or three "important ingredients." These are the choices of an (unconscious?) artist. They will give you a sense of how to live the writer's life if you've been smart enough to have become a Rhodes scholar and a Montanian, to have spent three years at Oxford, to have come under the personal influence of Stephen Spender, to have completed a thesis on Milton, under the rigorous supervision of the magical, spellbinding Helen Gardner, and to have acquired the early, benign attentions of W.H. Auden, Rose Macanlay and Cyril Connolly.

This is a man who casually mentions sending material to Rust Hills at Equine and if you don't know that Hills, then fiction editor, was occasionally capable of dazzling set pieces of his own such as "Living Alone in Bad Company," or

that the legendary Dame Helen liked to serve smoked trout and strong martinis to her guests. Price isn't going to tell you. If you don't already know what Reynolds Price is talking about, tough luck.

These notebooks, which run from 1955 to 1997, show us a young author drunk on other people's words, a young man looking around for his own material, his own distinctive prose style.

He reads such dissimilar novels as "Mrs. Dalloway" and "Huckleberry Finn." He quotes a now-famous passage from E.M. Forster's "The Longest Journey" on friendship (read gay relationships). He admires Christopher Isherwood's evocation of Jewish department store owners in pre-World War II Berlin. He's just a youngster, trying to figure it out — that whole writers' world.

It's both instructive and sobering to see how perfectly these early passages date Price in a particular time. The books he reads are precisely the books that bright men and women read in the late '50s. The amazing part here is that the young Price never expresses the slightest doubt or worry or angst that he might not ever be ranked among these greats.

So here are the literary notebooks of a distinguished modern American novelist, playwright and poet. They bristle with schedules and plans that any working writer will surely recognize: write for two hours a day, answer mail for an hour, clean up the paper mess for an hour, work on learning the idiosyncrasies of the word processor. There are lists and lists of possible proper names for characters in one work or another and exhausting discussions about how one character might fall in love with another, or fall out of love, or whether a character might be awakened from sleep when something happens, or answering the phone, or drinking coffee, etc., etc.

For the working writer, this is a depressing volume. All this work! And yet, many of these novels, plays, poems, didn't do all that well. (Price allows himself quite a few snide remarks about book reviewers, which suggests that the reviewers didn't love him very much.) And where's his material? Again and again the author goes back to his parents, and especially his mother. And memories of a summer at a boy's camp. And back again to his mother. This is an enclosed, extremely self-absorbed life we're looking at here. Is it the writing that keeps Price from living, or is he just not telling us about his life?

I missed the connections of literature to that life in these notebooks. By all accounts, Price was/is an inspired teacher, but his teaching life is barely mentioned here. He has displayed legendary courage since his bout with cancer of the spine, and even written a memoir about that experience, but the notes to "a whole new life" are among the shortest in the collection. There's very little here about Price's personal life at any level.

For those who aspire to be received into the "guild" of "serious" writers, the most important questions are ignored, glossed over, left unanswered. How do you fit writing, that most isolated and sacred of occupations, into a daily life, which — unless you're a monk or a hermit — is bound to be made up of imperfect, messy relationships? How do you make a living? How do you live with sickness, distraction, errands, love? None of this seems to greatly bother the author. These questions — or any doubts at all about the quality of his own work — never come up. There's a constant note of serene self-congratulation in these pages. If that's what you're looking for, you'll want to read this.

Carolyn See reviews books for The Washington Post.

BRIDGE

By Alan Truscott

IT is a sad fact that there are relatively few significant writers of bridge books in the United States. Books pour in from other countries, and any of these recent publications would be a suitable Christmas present for a serious player.

"Practical Slam Bidding" by Ron Klinger of Australia offers challenges from 120 slam situations at world championships. See if you do better than the stars. Victor Gollancz, London, \$13.95.

"Easier Done Than Said" by Prakash Paranjape of India. An advanced treatment of situations in which brilliance is possible at the bridge table. Masterpoint Press, Toronto, \$12.95.

These are all available from The Bridge World magazine, at (800) 399-0033. Shipping and handling are \$3.95 for any number of books.

The diagramed deal from "Easier Done Than Said" features a brilliant effort by Ashok Ruia, who held the East cards. His opponents reached a slightly optimistic six no-trump contract. Three diamonds was no doubt a version of "new minor forcing," and thus artificial, while South's five-club bid was a response to Roman Keycard Blackwood with hearts the agreed suit.

After a diamond lead, South could be sure of only nine tricks and had prospects in spades, hearts and clubs. He had to do something with the spade suit, and he was due to be lucky. When the jack

falls under the ace, his best chance is to duck on the next round. When the king appears, he has 12 tricks.

But South was unlucky because Ruia dropped the spade king under the ace, apparently a singleton. The declarer now assumed that he could make a total of three spade tricks, including a finesse, two hearts, three diamonds and three clubs: one short of his requirement. He began by leading to the heart ace and continuing with the nine, intending to duck. But East covered with the queen, and the king won.

A heart was surrendered to the jack, and East returned a diamond. South took all the winners in his own hand coming down to a two-card ending. After looking suspi-

ciously at Ruia, he finessed the spade 10 and went down two. And it is hard to blame him.

NORTH
♠ Q10722
♥ A93
♦ 108
♣ AK5

EAST
♠ AKJ5
♥ QJ85
♦ QJ42
♣ J1093

SOUTH (D)
♠ A4
♥ K1084
♦ AKQ
♣ Q742

Both sides were vulnerable. The bidding:
South: 1♣ West: 1♦ North: 1♠ East: Pass
2NT: Pass 3♦: Pass 3♥: Pass 4NT: Pass
5♣: Pass 6NT: Pass
Pass: Pass

West led the diamond eight.

LANGUAGE

Waltzing Into the Moral Hazard

By William Safire

WASHINGTON — Sometimes a financial phrase kicks around the news, and we all act as if we understand it.

Did we bail out Mexico, and will we now rescue financially distressed Brazil and Russia? Watch out for the moral hazard. Forming a consortium to prevent a collapse of a hedge fund that is "too big to fail"? Careful — moral hazard. As we sit at Treasury Secretary Robert Rubin and Fed Chairman Alan Greenspan for their not-to-be-worrying-about moral hazard, the question nags: What's the hazard and what makes it moral?

The Wall Street Journal describes it as "the distortions introduced by the prospect of not having to pay for your sins." Bengt Holmstrom, a professor of economics at MIT, defines it as "dysfunctional acts induced by a contract or law. If you have a contract with me that says heads you win, tails I lose, this type of a contract can induce you to take on inordinate amounts of risk."

Burtot Malkiel, professor of economics at Princeton, agrees it involves "cases where the existence of risk insurance alters the behavior of the insured toward taking more risk." Because depositions in savings-and-loans were insured by the government, the owners were induced to roll the dice on investments in the 1980s; heads the savings-and-loan lenders won, tails the government lost.

The phrase, which you can oow around your friends by readily defining, was born in the insurance industry early in this century. It was extended by Kenneth Arrow, the Nobel laureate in economics, in a 1962 scholarly journal and popularized in his 1971 book, "Essays in the Theory of Risk-Bearing." Arrow was asked by the Ford Foundation for a theorist's impression of the economics of medical care. Here's the story straight from the Arrow, now at Stanford:

"It struck me immediately," he tells me, "that one problem with insurance was that the user (the patient) was not required to pay the full cost (indeed only a relatively small fraction of it). Therefore, according to usual economic principles, the patient would use medical care excessively."

Makes sense; whenever a disc in my back starts to crumble, I greedily demand an MRI; if I weren't insured, I'd settle for a cheaper X-ray. "It came back to me," notes Arrow, "that the insurance industry had already recognized this problem and had used the term moral hazard for it. The simplest example is burning down one's house to collect insurance, an act that might clearly be regarded as immoral — less immoral if one had been slightly less careful in putting candles out."

(Morally hazardous executive says: "Business was terrible last year, but we had this fire and I was insured, so I'm O.K. You?" His friend: "Same — was losing a bundle but there was this flood and I was covered." First crook: "Good, but tell me — how do you start a flood?")

Arrow's extension of the old insurance industry term was taken up quickly. "Now it's applied in a wide variety of fields," he reports, "including in the last 15 years to the behavior of banks when they have reason to believe that they will be bailed out if they get into trouble."

Bail out, by the way, began as a verb meaning "to clear water from a boat by throwing it overboard" and developed a new overboard sense in 1930 as "to parachute from an aircraft." Since 1951, as both noun and verb, it has referred to financial rescue of an institution or nation, a practice that has led some critics to think we have all gone overboard.

When the independent counsel Ken Starr went before the House Judiciary Committee, he complained that "a number of my prosecutors are being

calumniated and criticized." He repeated the unfamiliar verb: "To criticize and to calumny the men and women with whom I'm privileged to serve... is unfair, and I think it's unfortunate."

The use of calumny as a verb is infrequent. Although the verb form has a history in the language — in 1895, The Pall Mall Gazette wrote, "The President has not been in office 12 hours... and is already calumniated" — the preferred form is calumniate. "The highest personages have been calumniated," wrote Miles Smith in the Letter From the Translators to the Reader, the preface to the 1611 King James Version of the Bible.

It is as a noun that calumny is best known. The word is rooted in the Latin calvi, "to trick, deceive, intrigue against" (also the root of challenge), which progressed to calumnia, "false accusation." The Old Century Dictionary defined it well as "untruth maliciously spoken, to the detriment of another; a defamatory report; slander."

Calumniate is to be preferred as the verb, because the perpetrator can then be called a calumniator, which has a zesty flavor than calumnizer and avoids the calumnist/calumnist confusion. For an adjective, calumnious has the usage edge over calumniatory. Shakespeare, in "Hamlet," had Laertes observe, "Virtue itself 'scapes not calumnious strokes." The Bard liked the word; later in the play, after one of his bawdiest puns, Hamlet says to the innocent Ophelia, "Be thou as chaste as ice, as pure as snow, thou shalt not escape calumny."

In mock modesty, an unidentified columnist is sometimes referred to in this space as "a vituperative right-wing calumniator," but it was not until Starr's use that the word was widely heard in political discourse. Its origin in that sense was the ancient Latin advice to solons, Fortiter calumniari, oliqui adhaerere; its English translation, "Throw plenty of mud and some of it will be sure to stick."

New York Times Service

State Rides to Rescue of the British Opera (Again)

New York Times Service

LONDON — The British Arts Council has announced that it will increase its subsidy to the struggling Royal Opera House by more than \$21 million over the next three years, a move the opera said would allow it to reinstate a portion of its canceled 1999 season and to charge less for tickets when it returns to its refurbished headquarters next December.

The Royal Opera, which also presents ballet and other works, will use the money for 10 performances of "Paul Bunyan" at the Sadler's Wells Theatre in April. It will

also put on a short series of concerts at the Royal Festival Hall in May and June, and hold a concert at the Barbican with Placido Domingo on April 25.

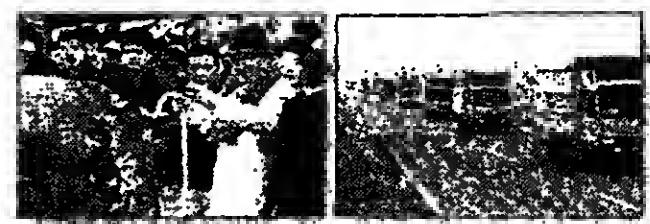
Meanwhile, the Royal Ballet will perform a four-week summer season at Sadler's Wells in July and will embark on its planned trip to Asia in the spring.

The news of the increased funds also spurred Bernard Haitink, music director of the Royal Opera, to withdraw his threat to resign. Several months ago, Haitink said that he could not remain in the job if the cash-starved opera went ahead with plans to cancel the 1999 season. Bot on

Thursday, he said, "I am pleased to remain music director of the Royal Opera House and look forward to opening what will be a wonderful new theater."

In increasing the grant to \$26.4 million from \$23.8 million for the 1999 season — and promising a further increase, to \$33 million, in each of the next two years — the Arts Council, the government-financed agency that dispenses money to cultural organizations, was expressing its view that after years of mismanagement and financial ineptitude, the opera house had finally begun to put itself in order.

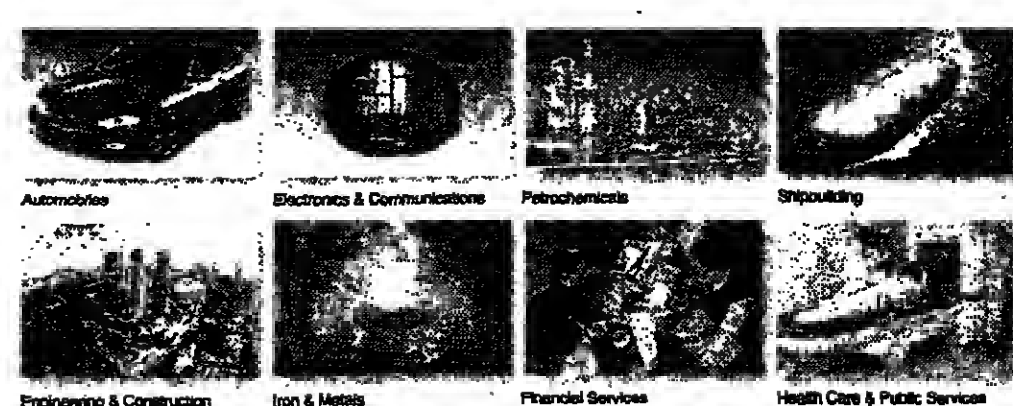
A man who's been doing the impossible for half a century.



"Chung's early diplomacy may someday result in U.S.-Chinese 'ping-pong diplomacy' as a major diplomatic breakthrough." (Herald, November 9)
"The high-profile cables drive forward a mission in the little history of relations between the two nations." (Time, June 29)
"...and had rather show World War II to make that crossing without a government escort." (The Washington Post, June 17)
"...and will lead the Hyundai Group for construction and power between North and South Korea." (Southwest, June 17)
"Mr. Chung's journey is not a random one. He's going to reveal several business projects to the North..." (Financial Times, June 18)

Imagine crossing a border that's been closed for 48 years. Then imagine doing it with 1,001 head of cattle. Achieving the "impossible" is nothing new for Chung Ju-yung, the 83-year-old Founder and Honorary Chairman of Korea's Hyundai Business Group. This is the same man who literally brought the sea to his knees, reclaiming land on Korea's west coast with a large tanker destined for scrap. And the one who ingeniously used a small fleet of barges to transport prefabricated components nearly halfway around the world 19 times to build Jubail Harbor in Saudi Arabia, one of the construction wonders of the 20th century. In these and countless other projects over the past half-century, Chung found a way where others said it couldn't be done.

As Hyundai looks toward the future, we share Chung's spirit — an unwavering drive and ambition that has made us what we are today. And what will propel us into the ranks of the world's industrial leaders in the new millennium.



HYUNDAI

HEALTH/SCIENCE

A Puzzling Breast Ailment

Condition Causes Pain, and Needless Fear

By Judy Mandell
Washington Post Service

WASHINGTON — Beth Price's gynecologist discovered her first breast lump during a routine examination. She was just 26 years old and the doctor immediately referred her to a general surgeon. "He scared me to death," Ms. Price said. "I was sure I had cancer." It was the summer of 1971. The next morning she went to a surgeon, who found a lump in her other breast as well.

"This surgeon was even more alarming than my gynecologist," Ms. Price said. He explained that her condition was very serious, that she was too young to have lumps, that they might be malignant and that she needed to have them excised and biopsied right away. "If this is cancer at your young age, it could be highly malignant and very aggressive," he warned.

Ms. Price had both lumps surgically removed two days later. The pathology report came back with good news: The lumps were benign.

Now 52, Ms. Price, a clinical nurse specialist, has suffered with painful, lumpy breasts ever since. She has had four fluid-filled cysts in her breasts aspirated and three other lumps removed surgically. None were cancerous. Her doctor has told her that she has a benign condition known as fibrocystic breast disease. But that is a controversial diagnosis. Many doctors argue that since 60 percent of all women in the United States have the condition in some form, it should not be called a disease. The term frightens many women, who erroneously believe they are at increased risk for breast cancer.

"Fibrocystic changes are normal for most women," said Richard Santen, associate director for clinical research at the cancer center of the University of Virginia Health Sciences Center in Charlottesville. But "when discrete lumps or moderate pain occurs" in conjunction with those changes, women and their doctors should take note, Dr. Santen said. "Recurrent lumps and severe pain are beyond what could be considered normal."

Sandra Swain, an oncologist in Washington, disagrees. "The condition is a variant from normal," she said. "It's normal to have lumps. It's normal to have breast changes with your menses. The term fibrocystic disease or benign breast disease scares many women. They think they're going to get cancer."

Symptoms of these benign growths include breast pain or tenderness, increased fibrous tissue in the breast, multiple lumps and discharge of liquids from the nipple.

The growths or lumps can occur in several ways. In some cases the ducts in the breast that allow milk to flow into the nipple during lactation become partially blocked, fill up with

fluid and form cysts. In other patients, solid lumps form from fibrous and glandular tissue.

No one knows what causes these lumps, but most experts believe they are linked to hormonal imbalances. The pain and lumps from these benign breast growths usually increase during the middle of the menstrual cycle and diminish or disappear a week after the period ends, say doctors who treat the problem. Symptoms generally crescendo in the perimenopausal years, when women experience huge hormonal fluctuations, and then subside at menopause. Estrogen replacement therapy often causes symptoms to return.

For most women, fibrocystic disease is a chronic condition that experts say does not put women at greater risk of cancer. At the same time, extensive lumpiness can occasionally mask or make it more difficult to detect a malignancy. Therefore these patients must monitor their breast lumps carefully. It is difficult for many women with fibrocystic breasts to know if a lump is new and different and possibly cancerous.

"Lumps from cystic disease are often tender and fluctuate during the month," said Robert Warren, director of the Betty Lou Ourisman Breast Health Center at Georgetown University Medical Center. "Let's say you're examining your breasts and you feel a discrete, marble-like lump and it's tender. If a week to 10 days later you can barely feel the lump or if it is no longer painful, it's likely to be cystic disease. Cystic lumps tend to be rounder, more discrete, and they wax and wane. A malignant tumor is often not as distinct. It may be more infiltrating—you can't get your fingers around it. If it doesn't improve or go away after two to three weeks, it may be a more serious condition and you should consult your physician."

"Most breast lumps are not cancer, but if there is any question, it should be checked," said Jennifer Harvey, a radiologist and director of breast imaging at the University of Virginia Health Sciences Center.

DR. HARVEY uses both mammography and ultrasound to diagnose breast lumps. "We usually can't tell whether a mass is benign with just a mammogram," she said. The ultrasound can help differentiate a cyst from a solid tumor, she said. It also helps her to characterize benign or malignant features of a solid mass.

While the exact cause of fibrocystic breast disease is not known, some experts believe it may be linked to caffeine consumption. Doctors often tell patients that limiting caffeine may help reduce the symptoms. "Are we sure this works?" Dr. Santen asked. "No, but the pain goes away completely in many women who stop caffeine." He also said that many physicians recommend vitamin E supplements, although clinical studies have shown mixed results and are not definite on the benefits.



Amelia Earhart checking out her Lockheed Electra in 1937, months before flying off into American folklore.

A Note Rekindles Earhart Fever

By Malcolm W. Browne
New York Times Service

NEW YORK — Sixty-one years after Amelia Earhart's plane disappeared over the Pacific Ocean while the celebrated aviator was trying to fly around the world, people still clamor for hints about her fate and, once again, something has turned up to whet their appetites.

The latest trail of detective work, conducted by volunteers from the International Group for Historic Aircraft Recovery, based in Delaware, has led to an official document in London describing a lost collection of weather-beaten bone fragments.

The bones themselves have vanished but are known to have been found in 1940 by a British colonial official visiting Nikumaroro Island (then called Gardner Island), an uninhabited atoll in the Phoenix group, about 600 miles (960 kilometers) north of Samoa and about 400 miles southeast of Howland Island — the destination she never reached. He thought they might be from Amelia Earhart.

Various contemporary accounts say the bones, including part of a skull and several long bones, were buried or thrown into the sea or even transferred to a medical museum in Fiji.

But a British doctor, D.W. Hoodless of the Central Medical School in Suva, Fiji, measured them in 1941 before they disappeared, and members of the aircraft recovery group found the late doctor's record of his measurements last year while searching government archives in London.

Two forensic anthropologists, Karen Ramey Burns of the University of North Carolina and Richard Jantz of the University of Tennessee, compared Hoodless's 57-year-old measurements with a large data base compiled from thousands of skeletons and widely used by forensic osteologists. A similar forensic technique is used to identify the bones of crime victims.

They concluded in a report presented at a meeting of the American Anthropological

Association that because of uncertainties about Hoodless's proficiency as an anatomist and his measuring technique, his records had to be "treated with caution." But if his measurements were accurate, they said, the subject was more likely to be a woman than a man, a European rather than a Polynesian, and between 5 feet 6 inches and 5 feet 7 inches tall.

This and some other circumstantial evidence seemed interesting enough to organizers of the anthropological association that it acted as host for a news conference in Philadelphia presented by the recovery group.

Chances are that the Earhart mystery is nearing solution seem remote, however. Most experts still believe that Earhart and her navigator, Fred Noonan, simply crashed into the Pacific about midway between Australia and Hawaii. That view is shared by Earhart's niece, Amy Kleppner, an 11th-grade teacher in Maryland.

"I've read everything written and reported about my aunt," Mrs. Kleppner said in an interview, "and I'm convinced that she and Fred simply ran out of gas within 100 miles of their destination, Howland Island. No one has produced credible evidence that their plane crashed on any of the Phoenix Islands, or that they died of starvation, or that they were captured, tortured and killed by the Japanese on Saipan, or any of the other theories. The simplest explanation is the most likely."

Earhart and her navigator had completed more than half of their trip around the world when their last radio transmission was heard on July 2, 1937, 20 hours and 14 minutes after they had taken off from Lae, New Guinea, on the 2,556-mile ocean leg to Howland Island. From position reports radioed by Earhart, experts have concluded that she was fighting strong headwinds and was probably far behind schedule.

Since then speculation about their fate has been endless, and an Earhart cult has continued to thrive; an Internet browser cites at least 136

Web sites devoted to or concerning Earhart.

Facts remain scarce, but experts in navigation, forensic anthropology and aircraft history, as well as many rank amateurs, are still finding scraps of putative evidence from the sands of remote islands and from documents in obscure archives.

In previous years, Richard Gillespie, executive director of the international recovery group, has recovered fragments from Nikumaroro of a shoe and a Cat's Paw replacement heel of 1930s vintage, which he says resembles one shown in a photograph of Earhart a few days before she disappeared.

Mr. Gillespie's group also found a piece of aluminum sheet about the size of a serving tray and a curved shard of Plexiglas like that used in aircraft windows. But no serial numbers or other identification marks have been found that could positively link these or other artifacts to Earhart's twin-engine Lockheed Model 10 Electra.

Although the island was uninhabited in 1937 and is uninhabited today, there were periods during and after World War II when it was occupied by Americans and Polynesian workers, who could have brought items of clothing and metal with them. These might account for some of the artifacts Mr. Gillespie suspects to be associated with Earhart's last flight.

MR. GILLESPIE said he planned to lead a full-scale expedition to Nikumaroro in the spring of 2000 to comb the atoll and its lagoon for artifacts and bone fragments. The latter, he said, might still contain DNA that could be compared with that of Mrs. Kleppner, Earhart's niece.

Andrew Merriwether, a physical anthropologist from Britain who attended the meeting, said it was unlikely that DNA could be preserved in weathered bones over such a long period, but he said a tooth, which contains a protected pulp cavity, might contain usable DNA.

Mrs. Kleppner said she would not decide whether or not to make her own DNA available for matching until and unless suspected bones of her aunt were found.

Tom Crouch, senior curator of the Smithsonian Institution's Air and Space Museum, said: "The statistical analysis of those old measurements by Dr. Hoodless is the most interesting thing the Tighar group has done. But there is not a shred of evidence linking anything on Nikumaroro with Amelia Earhart. The shoe fragments are two sizes larger than anything Amelia wore. The odds are 100 to 1 that Amelia and Fred came to rest on the ocean floor."

Meanwhile, a fisherman's discovery in the Mediterranean Sea of a silver bracelet has touched off another search. The bracelet, pulled up in a net 20 miles from Marseilles in September, was identified as that of Antoine de Saint-Exupéry, author of "The Little Prince" and some memorable aviation novels. Saint-Exupéry disappeared in 1944 while piloting a P-38 Lightning fighter on a reconnaissance mission against German forces. So far, a search of the sea near Marseilles has failed to find wreckage from the crash.

"I can understand the interest of many people in famous aviators like my aunt who disappeared mysteriously," Mrs. Kleppner said. "I was just a child of 5 when I last saw her and have very little recollection of her. But there were others who were never found, and it's natural to wonder how they died."

Among them was the war hero Charles Nungesser and Francois Coli who disappeared in 1927 trying to be the first to cross the Atlantic Ocean, and at least four others who defied the Atlantic about the same time. In 1928, the great Polar explorer Roald Amundsen disappeared while aboard a seaplane in the Arctic Ocean searching for survivors of the crashed airship Italia.

"Searches for the traces of people like them are exciting, even if fruitless," said Mrs. Kleppner.

Unraveling Evolution's Mysteries

By Natalie Angier
New York Times Service

NEW YORK — Nature is like Henry Youngman: She writes great jokes, and flogs them again and again. Take the spiny anteater of Australia, the pangolin of Africa and the giant anteater of Latin America (please). Each of these mammals has a long, sticky, worm-like tongue, no teeth to speak of and scimitar claws.

Each has bulging salivary glands, a stomach as rugged as a cement mixer and an absurd, extenuated, hairless snout that looks like a cross between a hot dog and a swizzle stick. Despite their many resemblances, the three creatures are wildly unrelated to one another: the spiny anteater, in fact, lays eggs and is a close cousin of the duck-billed platypus. What has yoked them into morphological similitude is a powerful and boundlessly enticing process called evolutionary convergence.

By the tenet of convergence, there really is a best approach and an ideal set of tools for grappling with life's most demanding jobs.

On the other hand, when you look at the broad structure of the history of life, you can't help but be impressed by the number of organisms that began at different starting points and have come together — the whale that looks like a fish, an extinct marsupial, a sort of kangaroo, that looked like a saber-toothed cat. The world is a rich and wonderful place, but it is not one of untrammeled possibilities.

The relative degree to which the world's fauna and flora have been shaped either by contingency or by the slow hand of natural selection, as expressed most starkly in cases of convergent evolution, remains unclear.

What is clear is that the more scientists look, the more examples of convergence they find. Sometimes the reasons for a particular convergence are easy to parse. Consider the shared traits of the world's manifold anteaters. Ants are tiny and must be consumed en masse, said Kent Redford of the Wildlife Conservation Society in the Bronx, who has studied anteating mammals — hence the need for a long sticky tongue to lap up hundreds at a pop, and enlarged salivary glands to help keep the tongue gummy and to wash the ants down.

For moving that long tongue in and out rapidly, a muzzle improves the aim. And it is best for the snout to be hairless, to make sure that the pincered ants and termites have nothing to grab onto. Ants live in soil and sand, which requires powerful claws for digging. There is need of a digestive system that can readily pass the sand and dirt lapped up with each tongueful of food, and that can metabolize the blistering chemical defenses with which ants and termites are loaded. Finally, sand grinds down enamel, so teeth can be dispensed with altogether.

"It's a pretty weird bioplan," Mr. Redford said, "but it works."

And the ultimate proof is sitting on his desk, in the form of a newly issued Beanie Baby toy with a telltale tubular schnozz. "Even the Beanie Baby phylogeny now has an anteater in it."

Equally poignant are some of the recent discoveries of molecular convergence. Kenneth Roux, a structural biologist at Florida State University in Tallahassee, and his colleagues recently described in the Proceedings of the National Academy

of Sciences a baffling similarity between certain antibody proteins in camels — the group that includes camels and llamas — and nurse sharks. Throughout most of the animal kingdom, the antibodies of the immune system are built of two types of chains — heavy and light — and each chain is composed of three loops. Together the triple-looped heavy and light chains allow an antibody to attach to a foreign object like a virus and begin the process of destroying the enemy. But in camels and nurse sharks, a subset of antibodies have lost their light chains: All three loops are missing, and only the three loops of the heavy chains remain.

The scientists cannot say why the loss occurred in the first place, whether by accident or by unfathomable selective design. In any event, the antibodies of the camels and the nurse sharks responded to the change in cognate ways. To compensate for their absence of light chains, both animals expanded the size of one of the loops in their heavy chains. Remarkably, it is the same loop that has been lengthened in both the camel and the nurse shark antibodies.

The unorthodox antibodies of the sharks and camels may look and act alike, but the genetic subunits that encode the proteins are decidedly different.

Similar from one another — that is, they have different amino acid sequences. Many combinations of amino acids can be strung together to construct proteins that behave in nearly identical ways. For statistical reasons, though, said Russell Doolittle, a molecular evolutionist at the University of California at San Diego, true sequence convergence — where two independently evolved proteins not only perform the same task but have the same underlying building blocks — is likely to be extremely rare.

BUT odds, like hearts and eggs, are made to be broken, and so scientists recently announced what they think is the first illustration of bona fide sequence convergence. Chi-Hing Cheng of the University of Illinois at Urbana-Champaign and her co-workers reported in the Proceedings of the National Academy of Sciences on their analysis of antifreeze proteins found in two groups of fish: the notothenioids of the Antarctic and the Northern cod of the Arctic.

The proteins help keep a fish's blood from freezing while it swims through frigid waters by binding onto a bit of ingested ice and preventing the ice crystal from growing larger. A number of polar-dwelling creatures have versions of antifreeze proteins, and the sequences of these proteins are, as a rule, all over the map. But in the case of the cod and the notothenioids, the antifreeze molecules retain their resemblances down to their cores. They consist of the same three amino acids — threonine, alanine and proline — repeated over and over.

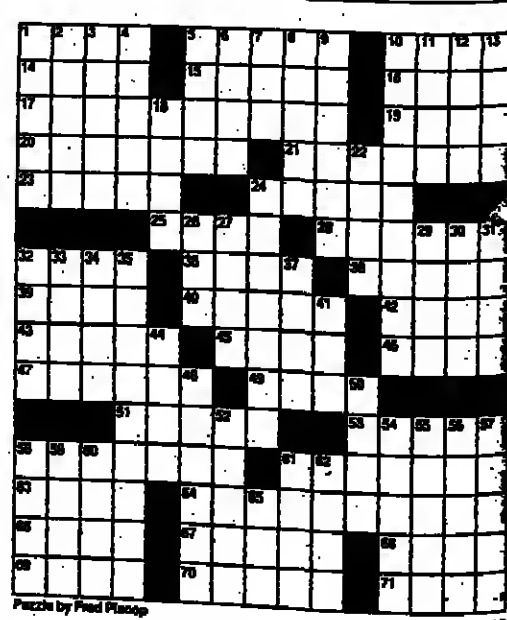
Dr. Cheng and her colleagues demonstrated that the proteins arrived at their analogous sequences during entirely independent episodes of genetic shuffling. The notothenioid protein arose about 7 million to 15 million years ago, when Antarctic oceans were chilling to freezing, while the cod version probably evolved about 3 million years ago, during the glaciation of the Arctic seas. The simplicity of the protein sequence, Dr. Cheng said, explains how it was possible for it to have arisen on two separate occasions. And the cod can be thankful that nature, at least, does not believe in copyrights.

CROSSWORD

- ACROSS
- Long story
 - Rich kid in "Nancy"
 - Paranoid
 - Shangri-la
 - Hoopster
 - Shaq
 - One of the Four Corners states
 - Penny purchase, years ago
 - "A" or "an"
 - "All — and the Forty Thieves"
 - "A" or "an"
 - Incomprehensible, as a message
 - Parasite
 - Business bigwig
 - Miss Kelt of old comics
 - Livestock
 - Custard dessert
 - "Horror!"
 - Rocket stage
 - Golf
 - Jelly fruit
 - E pluribus
 - Throng
 - Seize with a footpick
 - Forest growth
 - Moribund attachment
 - Actress
 - Lanchester
 - Grand jury's activity
 - Pueblo site
 - Jack of "City Slickers"
 - One making a medical inquiry
 - On
 - Penny purchase, years ago
 - Fish entree
 - Treasure store
 - "This round's"
 - Bridge whiz
 - Shen
 - Gang-ho
 - Poverty
 - Certain herring
 - Pain
 - Lever (be not)
 - Endangered Florida creature
 - Dress (up)
 - Therefore
 - Snap-marriage locale
 - Wildbeasts
 - Thanksgiving side dish
 - Almanac bobbit
 - Money in Milano
 - Fusses
 - Penny purchase, years ago
 - Model train layout, often
 - Not present: Abbr.
 - Gosh-awful
 - Pingpong
 - Realtor's unit
 - Quotable catcher Yogi
 - Access the Net
 - Cockamamie
 - Fatally
 - No longer a slave
 - B — Tex.
 - Elementary particle
 - "Damn Yankees" vump
 - Cro-Magnon's home
 - Frankfurt's river
 - Machine tooth

Solution to Puzzle of Dec. 18

TASK JANIS HEMP
OTTO ERDDE IDEA
THEARTFULDODGER
SEALAB SEEN ETO
UNANLY DREAED
PAYS APP SAYORI
BROKEN DEUS
SEALAB SEALAB
LINED STD PAPP
EOTRIPT SONALIA
AND LOOS RESORT
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Only the shortlisted candidates will be contacted. Persons or companies wishing to apply should send their curriculum vitae or company profile by January 8, 1999, to Mr. F. Guicciardini, Engagements Section,

WIPO
34, chemin des Colombettes,
1211 Geneva 20, Switzerland.
Tel: (41 22) 338 98 83 Fax: (41 22) 338 98 20
e-mail: personnel.mail@wipo.int



The World Intellectual Property Organization (WIPO) in Geneva, one of the specialized agencies of the United Nations system, is seeking an experienced

Project Manager

for the implementation of the Patent Cooperation Treaty (PCT) Automation Support System. This large project of 40 m SFr. will be launched early 1999 and should be completed within 3-4 years. It involves the implementation of a global electronic information and document management system within the PCT at WIPO (for further information about the project visit the WIPO Web site: www.wipo.int).

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Consolidated prices for all shares trade during week ended Friday, December 18

Stocks	Div Yld	100-High	Low	Cls	Chg
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Stocks	Div Yld	Sales 100s:High	Low	Cse	Ch
ArturoC	-	3204.20	1434	194%	+1
ArtisanC n	-	1888.8	7%	51%	
Artis	-	2308.3	21%	284%	

[illegible]

Cred/Mng	-	-	58	645	18%	20%	+1%
Cred/Prsn	-	-	1713	2154	34%	21%	+1%
Cred/Prsn	-	-	1205	4154	13%	13%	+4%
Cred/Prsn	-	-	601	134	3%	5%	+9%
Cred/Prsn	-	-	1353	4	11%	12%	+1%
Cred/Prsn	-	-	255	234	1%	2%	+1%
Cred/Prsn	-	-	2307	314	1%	2%	+1%
Cred/Prsn	-	-	154	314	4%	4%	+1%

[illegible]

21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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PAL Hopes For Miracle To Survive

Airline's Predicament Tests Manila's Reforms

By Mark Landler
New York Times Service

MANILA — Christmas is a sacred holiday in the Philippines, and nowhere is that more evident than at the headquarters of Philippine Airlines. Religious statues adorn executive offices, and signs throughout the building announce a holiday Mass in the main lobby.

In these dark days, when its frazzled executives are struggling to keep the airline afloat, a Mass seems entirely appropriate. One cannot help thinking that what the airline needs is divine intervention.

With \$2.2 billion in debt, plunging revenues, and losses of close to \$1 million a day, PAL is in desperate shape. After negotiations for a takeover by Pacific Airways to acquire a stake collapsed this month, several analysts said the airline's options were running out.

"The rescue effort is not just huge, it is astronomical," said Nicholas Loides, a Singapore-based editor of Air Transport Intelligence, a news agency that covers the industry. "The question is, do you keep an airline like this alive for pride reasons? My opinion is that they should just shut it down."

But Philippine Airlines is not just another shipwreck of a company. It is the nation's flag carrier, a state company until after the ouster of Ferdinand Marcos, when it was spun off to a group of investors led by Lucio Tan, an ethnic Chinese who traded on his ties with Mr. Marcos to amass one of the greatest fortunes in the Philippines. The airline is the crown jewel in Mr. Tan's empire.

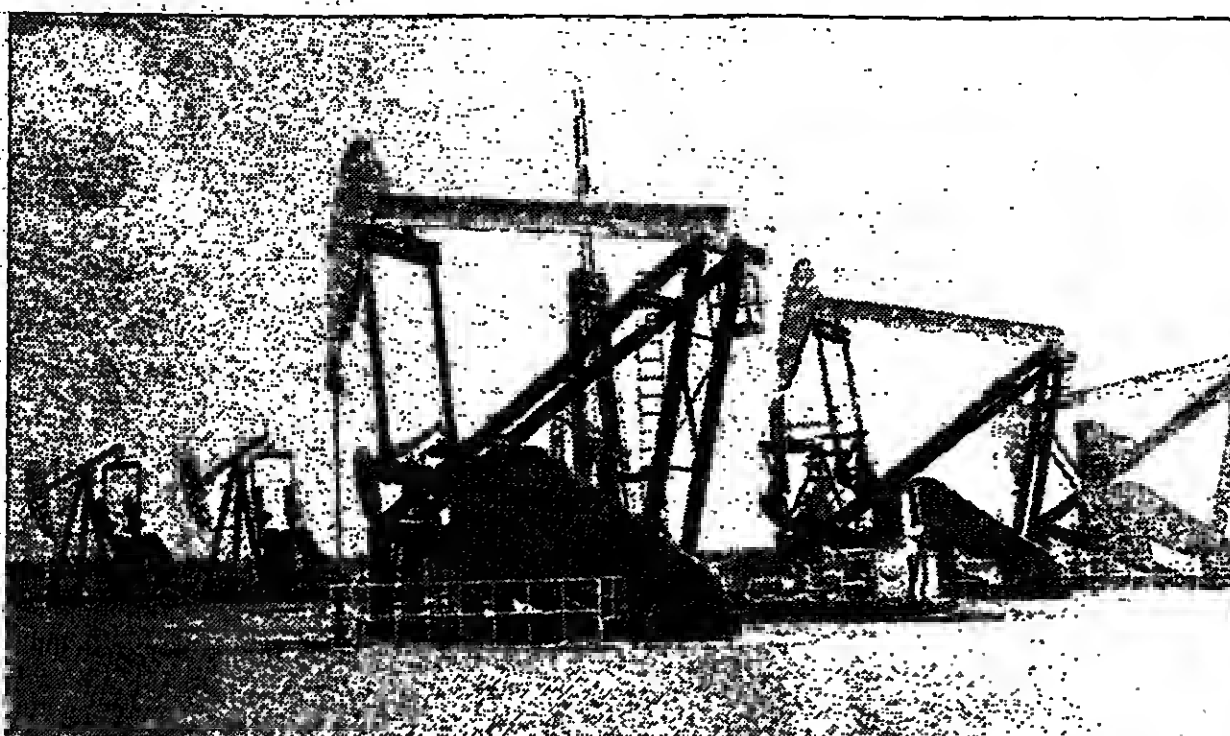
Mr. Tan is a leading supporter of the new president of the Philippines, Joseph Estrada, not only contributing to his campaign but giving him the use of his planes. When a labor dispute prompted Mr. Tan to shut down the 57-year-old airline in September, provoking tears from nostalgic Filipinos, it was Mr. Estrada who brokered an agreement that got the planes flying again.

"For Estrada, it's a mark of political prestige to save the airline," said Alexander Magnio, president of the Foundation for Economic Freedom, a research organization in Manila.

In the murky world of Asian business, where friendships often count more than solvency, Philippine Airlines would seem to be the classic candidate for a government bailout. The catch is that Mr. Estrada, wanting foreign investors to view the Philippines as having a level playing field, has ruled out injecting any public money.

As the losses pile up, though, Phil-

See AIRLINE, Page 15



Pumps working in an oil field in Maturin, Venezuela, one of the countries hurt by the sharp drop in oil prices.

A Sea Change in World Oil Markets

New Technology and Fresh Supplies Help to Put Consumers on Top

By Steven Mufson
Washington Post Service

WASHINGTON — Some critics of the Gulf War eight years ago said it was all about oil, not principle. If crude oil had been under Rwanda or Bosnia, they said, American troops would have gone to Rwanda or Bosnia instead.

Last week, however, even cynics would be hard pressed to say the American and British bombardments of Iraq were about oil. The world is awash in excess oil inventories, new oil fields are being brought on line, and new technologies are shaving production costs and softening world demand. In the world of oil, Iraq has become a sideshow.

One measure of the sea change in oil markets has been their relative calm amid the hostilities last week. Eight years ago, as forces gathered in the Gulf, oil prices briefly spiked up to \$41 a barrel. Economists wrung their hands over the collateral damage that would be done to economic growth, and the threat of increased inflation.

Last week, by contrast, as the first few hundred cruise missiles pounded Iraq and warplanes scrambled over the world's richest oil basins, markets shrugged.

The price for West Texas Intermediate crude oil crept up slightly early in the week before sinking back to \$10.99 a barrel on Friday, close to its 12-year low. Adjusted for inflation, oil prices now rival the low levels of the Great Depression.

"If non-Iraqi oil producers can't bring themselves to cut output, we can have continued downward pressure on prices," said Alan Levenson, chief

economist for T. Rowe Price Associates Inc. "So the war won't have much effect."

The low price of oil has given the U.S. economy a powerful boost, economists say. "For oil-consuming countries, it's a tax cut," Mr. Levenson said. "It keeps inflation low, and it helps keep interest rates low."

A report this month by Salomon Smith Barney estimated that over the year ended in September, lower oil prices had transferred \$30 billion from foreign oil producers to U.S. consumers.

Low oil prices help keep prices in check, not only at gasoline pumps and heating tanks but also in the prices of a wide range of other products. Petroleum makes up 5 percent of the cost of nylon, a quarter of the cost of many plastic bags, and half the cost of certain fertilizers. The manufacture of glass, cement and steel all consume large amounts of energy.

But for oil-producing countries, the low price of oil has played havoc with government revenue and economic output. Sagging oil revenue played a key role in the collapse of the Russian economy. When combined with low tax-collection rates on individuals and businesses, the drop in oil export revenue made it impossible for the Russian government to meet its debt obligations and forced a moratorium in August.

In Norway, the government's net cash income from oil will drop to little more than half its original projections for this year, sharply reducing the amount available for investment in a government reserve fund that is supposed to pay for pensions when baby boomers retire.

In Mexico, which exports half its oil production, falling oil prices have hurt export revenue, robbed the government of income and shrunk a key economic sector. Oil export revenue, which was 75 percent of exports in 1982, is projected to shrink to 6 percent of export revenue this year, according to World Bank figures.

Part of that change reflects the rise of new export industries, but much of it reflects the slide in oil prices. The average price of oil has fallen from \$16.50 a barrel in the first half of this year, to below \$7 a barrel during the first two weeks of December. As a result, overall oil export revenue will dwindle to \$7.3 billion in 1998, from \$11.3 billion last year, the World Bank says.

In 1997, 38 percent of Mexican public-sector revenue came from the oil industry. This year only 32 percent of public-sector revenue will come from oil. To head off a sharp increase in the budget deficit, the government has im-

See OIL, Page 15

Japan Says Economy Will Contract 2.2%

Tokyo Sees Growth of 0.5% in Next Fiscal Year

Continued from Page 12

TOKYO — Japan's government slashed its forecast Sunday for economic performance this year, predicting a contraction of 2.2 percent as the country battles its worst postwar recession.

The government had previously predicted a 1.8 percent contraction in gross domestic product in the year ending March 31.

The government approved the downward revision at a special cabinet meeting, the second in two and a half months. It predicted that the economy would grow 0.5 percent in the next fiscal year, which ends in March 2000.

"I present this forecast with confidence," said Taichi Sakaiya, director-general of the Economic Planning Agency. "It's based on very solid grounds."

A GDP contraction of 2.2 percent in the year ending March 1999 would be the worst economic performance in Japan since World War II. Japan has been battered by a shaky banking system and spillover from the Asian economic crisis.

Finance Minister Kiichi Miyazawa conceded that returning to growth by 2000 would be difficult.

"It will not be a figure that can be attained easily," he said of the 0.5 percent growth target.

Prime Minister Keizo Obuchi has said he will do everything in his power to put the world's second-largest economy back on its feet. The government must "break the cycle of recession and avoid marking negative growth for the third straight year," Mr. Obuchi said.

The government has already spent 40

trillion yen — the overall budget minus debt-servicing costs and tax allocations to local governments — are proposed to rise 5.1 percent to 46.89 trillion yen with public-works spending going up more than 10 percent.

Mr. Miyazawa said the budget proposal reflected his ministry's resolution to "take the lead for an economic recovery." He said the Finance Ministry was "resolved to put the economy on the recovery path."

To pay for spending in the budget, the government will next year sell a record 71.13 trillion yen in bonds, including 31 trillion yen in new bonds, the Finance Ministry said.

The 0.5 percent growth forecast for the year to March 31, 2000, is the lowest on record.

Trade Minister Kaoru Yosano, who had insisted the growth target for the next fiscal year should be 1 percent, said the economic management should "aim at a bit higher point although the government estimate is 0.5 percent."

But Chief Cabinet Secretary Hiromu Nonaka emphasized it was more important to achieve a target rather than to put forward an ambitious goal.

"The responsibility imposed on us now is to attain a figure fully and then make efforts to have that figure head higher," Mr. Nonaka said.

Private research groups in Japan have forecast that the economy will shrink an average 2.3 percent in the year ending in March, and shrink 0.6 percent in the following fiscal year.

Consumer spending will probably recover next year as tax cuts boost the disposable income of households, Mr.

Nonaka said. But the spending packages have not been sufficient to offset declines in consumer and corporate spending.

Mr. Miyazawa said Sunday that Japan would introduce a record 81.86 trillion yen budget for the year starting April 1. The spending plan, to be presented to the legislature on Monday, calls for increased spending on economic stimulus.

The budget represents a 5.4 percent increase from the initial budget for the current fiscal year. General expendi-

ment measures to support the banking system begin to take effect, Mr. Sakaiya said. Japan's banking system is weighed down by 72 trillion yen in risky loans.

Consumers are also ready to replace old cars, furniture and electrical equipment after cutting back on spending for the past two years, Mr. Sakaiya, the country's chief economic planner, said.

A rise in home sales would also boost consumer spending. The government is giving tax incentives to people who buy new homes or to homeowners who move.

(AFP, Bloomberg)

CYBERSCAPE

The 'Portal' War Rages on the Internet

By Leslie Walker
Washington Post Service

WASHINGTON — Most people still see Yahoo! Inc., Lycos Inc. and other "portal" or glorified search engines, despite the more than \$1 billion they have spent adding fancy services this year.

But it is better to see them as the ABC, NBC and CBS of cyberspace.

The parallels start with the ratings wars. Yahoo and America Online Inc. are pulling away from the pack, each drawing the eyeballs of nearly half the 62 million-strong wired world. Mi-

crosoft Corp. and the Lycos Network are neck-in-neck for No. 3, but Walt Disney Co. is taking aim at that slot, too, with its previous release of the Go Network last week.

Even more similar are the business strategies. Like an ABC or CBS, a Web guide seeks to distribute "programming" — whether it is search results, shopping opportunities or news — on a global basis. It fights for ads and audience loyalty.

"We are going after the mass market," says Harry Motro, chief executive of Infoseek Corp., Disney's partner in the Go Network.

As the Web guides buy up independently owned sites and link them to their own

services and content "channels," they are reshaping the ways in which we move around Internet with and perceive the Internet's ocean of information. They are also consolidating market power into a handful of players, creating what could become the new media empires of the 21st century.

It is a lot like the 1920s, when the nation was wringing its hands about how the new medium called radio — then a patchwork of struggling, independently owned stations — would pay for itself.

AT&T Corp. tested the world's first "chain-broadcasting" network in 1923 by stringing together three radio stations and simultaneously piping programs to New York, Rhode Island and Massachusetts. The benefit was to lower program production costs by spreading them across many stations, an innovation that gave rise to mass audiences and mass advertising.

Of course, there is no single mass audience — it is actually a grouping of smaller ones. Radio stations realized this early on, and began different types of shows for different types of listeners. The Web by its nature is dramatically more open to the kind of market segmentation that occurred first in radio and was accelerated by cable television.

The big Web gateways like Yahoo have simple front doors, but behind them they are stringing together microsites with specialized material to amass an audience big enough to attract advertisers.

Yahoo and Excite Inc. have opted against giving their many sites different names, believing that surfers are confused enough with all the variety out there and need the unifying influence of a single brand. Go to a Yahoo-

owned site and you know exactly who runs it.

Lycos believes the opposite. It is building a collection of separately branded sites appealing to different groups of people.

Lycos soared in the audience "reach" ratings this summer by purchasing a string of sites that were growing organically, by word-of-mouth, and then allowed each site to preserve its original name. Even though Lycos had its own patented search engine, it bought another one, HotBot. It also purchased two "homesteading" sites — Tripod and Angelfire, virtual communities that offer free tools to build home pages and private meeting places.

Last week, Lycos announced a "network affiliate" program. Lycos will license programming — in this case six software tools, such as e-mail, chat and home-page builders — to smaller sites in return for the right to sell ads and share in the revenue.

Lycos is also a believer in new-media synergy, bringing the Internet's powers to bear for cross-promotion — the use of one wing of the family to draw business to another. Web guides do this by placing links between their disparate sites, so that people might never leave the closed world defined by the service, zipping instead from site to site within it.

Off-line, Disney is the King of Synergy. And it plans to combine on-line and off-line promotion in ways no other Internet player can.

"It's going to be a brand war over the next three years, and it will not be for the week," Mr. Motro says.

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TELEVISION

CURRENCY RATES

Currency	Unit	Rate	Currency	Unit	Rate
Australian dollar	A\$100	74.85	Swiss franc	Sfr100	103.50
British pound	£100	164.50	Thai baht	฿100	54.50
Canadian dollar	C\$100	71.50	Taiwan dollar	T\$100	23.50
French franc	FF100	16.65	Yen	¥100	109.50
German mark	M\$100	193.60			
Italian lira	L\$100	2036.00			
Japanese yen	¥100	109.50			
South African rand	R\$100	13.50			
Spanish peseta	P\$100	166.64			
U.S. dollar	\$100	100.00			

Source: Reuters. Rates are for U.S. dollars. *Unit of 100 M.L. not quoted. N.A.: not available.

Other Dollar Values

Currency	Unit	Rate	Currency	Unit	Rate
Argentine peso	P\$100	10.00	Malaysian ringgit	R\$100	3.75
Australian dollar	A\$100	74.85	Mexican peso	P\$100	20.50
British pound	£100	164.50	New Zealand dollar	N\$100	1.50
Canadian dollar	C\$100	71.50	Portuguese escudo	E\$100	200.48
French franc	FF100	16.65	South African rand	R\$100	13.50
German mark	M\$100	193.60	Swedish krona	K\$100	8.46
Italian lira	L\$100	2036.00	Swiss franc	Sfr100	103.50
Japanese yen	¥100	109.50	Taiwan dollar	T\$100	23.50
South African rand	R\$100	13.50	Yen	¥100	109.50
Spanish peseta	P\$100	166.64			
U.S. dollar	\$100	100.00			

Forward Rates

Currency	Unit	Rate	Currency	Unit	Rate
Australian dollar	A\$100	74.85	Japanese yen	¥100	109.50
British pound	£100	164.50	South African rand	R\$100	13.50
Canadian dollar	C\$100	71.50			
French franc	FF100	16.65			
German mark	M\$100	193.60			

Source: IMF Bank (American Bank of Commerce), Deutsche Bank (American Bank of Commerce), Citicorp Bank (American Bank of Commerce), Citicorp Bank (American Bank of Commerce), Citicorp Bank (American Bank of Commerce).

CAPITAL MARKETS ON MONDAY

Wall Street Likely to Shrug Off Washington Crisis

By Gretchen Morgenson
New York Times Service

NEW YORK — Will President Bill Clinton's constitutional travails derail the U.S. stock market freight train in the weeks ahead?

It is more than a passing question, given that America's most recent experience with the presidential impeachment process coincided with a blistering bear market in stocks. In 1974, the year Richard Nixon resigned, the Dow Jones industrial average fell 28 percent.

Not to worry, market strategists say. Stocks are unlikely to plunge this time around, whatever the outcome of the impeachment process.

For the markets, "impeachment is a wholly non-event," said James Paulsen, chief investment officer of First Interstate Investment Management in Minneapolis. Even if Mr. Clinton were ultimately to

leave office, the markets know that Vice President Al Gore would be a virtual clone on policy. So the uncertainty that the market hates is not an issue today.

Furthermore, the dark moods of the market and the economy at the time of Mr. Nixon's departure are missing now. In 1974, the nation faced rising interest rates and inflation, surging oil prices and a decline in the money supply. The situation now is the opposite.

A better comparison might be to the economy and markets during the impeachment of President Andrew Johnson in 1868, says Richard Sylla, a professor of financial history at New York University's Stern School of Business. The economy was strong, thanks to the railroad boom. Interest rates were falling, wages were rising and deflation was everywhere — trends similar to today's.

Mr. Johnson's woes began in earnest in late December 1867, but radical Republicans were unable to muster an impeachment vote in the House then. On their next try, on Feb. 24, 1868, they succeeded, by a vote of 126 to 47. Mr. Johnson's trial began in the Senate on March 13; it ended in late May, when he retained the presidency by a single vote. The stock market watched it all with equanimity — the market ended 1968 up 19 percent.

Not that constitutional crises are good for stocks. But what is bad about them is something of an intangible, Mr. Paulsen of Norwest Investment Management said. It is the lost opportunity to govern — these days, for example, to tackle the question of what to do with a federal budget surplus of almost \$100 billion.

It wouldn't take a long trial in the Senate to sap the White House of initiative, said Charles Gabriel Jr., senior Washington analyst for Prudential Securities in Arlington, Virginia. Still, he

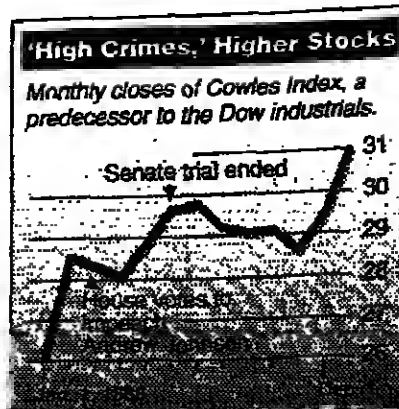
said, the risks were "hardly on the scale that should impact investors' collective psyche on a sustained basis."

If Mr. Clinton were unable to shape the debate, prospects for certain industries may brighten, Mr. Gabriel said. For example, shares of tobacco companies and health maintenance organizations, two industries on Mr. Clinton's hit list, could benefit if he is distracted.

It is proof again that in Wall Street's eyes, there is a silver lining in even the most ominous cloud.

Markets to Focus on Companies

The Dow Jones industrial average and the broader Standard & Poor's 500 index gained ground last week after several companies reported strong earnings, and investors are expected to continue to focus on corporate prospects rather than Mr. Clinton's problems, Bloomberg News reported.



Impeachment Of President Expected to Weigh on Dollar

Bloomberg News

NEW YORK — The dollar is likely to weaken against other major currencies this week as foreign investors liquidate U.S. assets because of the impeachment of President Bill Clinton.

"Holding U.S. assets is risky when you weaken the U.S. presidency," said Doug York, a fund manager at Campbell & Co. The dollar could fall as low as 108 yen and 1.60 Deutsche marks by the end of the year, he said.

It finished in New York on Friday at 1.6650 DM and 116.30 yen.

Members of the House of Representatives voted Saturday to impeach Mr. Clinton, who is accused of perjury, abuse of power and obstruction of justice in efforts to conceal an affair with a former White House intern, Monica Lewinsky. The U.S. Senate will now hold a trial to determine whether Mr. Clinton should be removed from office.

The impeachment proceedings are a boon for the dollar because many foreign investors are put off by political uncertainty. Some traders are also concerned that a trial will distract the executive and legislative branches, diminishing the appeal of financial assets and making it harder to pass laws.

The dollar also is likely to come under pressure against the German currency as some investors buy mark-denominated assets in the last days before the euro is introduced in January.

"The creation of a potentially more attractive investment vehicle in the euro" is weighing on the dollar's rate against the mark, said Bob Lynch, a strategist at Paribas Corp.

The euro will supplant the mark as Europe's benchmark next year so traders now regard the mark as a euro proxy.

But some strategists said the dollar will get support in coming months from signs that the U.S. economy is expanding with scant inflation, while Japan remains stuck in its worst recession in half a century and European economies fail to recover from slowdowns as quickly as many analysts had hoped.

"The U.S. is in a relatively good position, and Asia probably won't see substantial economic recovery until late next year," said Karen Parker, a strategist at Chase Securities Inc. "Japan is still mired in recession" and some aspects of Europe's recovery are "fragile," she said.

With U.S. inflation low, real interest rates in the United States remain "attractive" compared with those in Japan and the core of Europe. Real interest rates reflect the return on deposits and bonds when the inflation rate is taken into consideration.

The annual inflation rate in the United States, as reflected by the consumer price index, could fall to as low as 1 percent next year, said John Lipsky, Chase's chief economist.

The bullwheeled U.S. rate for overnight lending between banks is at 4.75 percent. The benchmark rate in Germany and nine of the other countries adopting the euro is at 3 percent, while Japan's key rate is 0.5 percent.

The Federal Reserve Board's policy-making Open Market Committee will meet for the last time this year on Tuesday, but most analysts expect them to leave interest rates unchanged. The U.S. central bank already reduced its benchmark leading rate three times since September in the face of market turmoil after Russia's default on its debt.

The dollar also continues to be undepressed by tensions in the Middle East.

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Dec. 18. Prices supplied by Telekurs.

Rank	Name	Cpn	Maturity	Price	Cr Yld
1	Austrian Schilling				
2	230 Austria	5%	01/15/08	107.400	4.600
3	230 Austria	5%	12/14/00	104.400	3.900
4	230 Austria	4.5000071503	103.500	4.150	

Rank	Name	Cpn	Maturity	Price	Cr Yld
1	Belgian Franc				
2	228 Belgium Tolls	zero	03/18/99	99.1913	3.240

Rank	Name	Cpn	Maturity	Price	Cr Yld
1	British Pound				
2	49 Anninford F	zero	01/10/23	23.1250	6.2700
3	99 Anninford FRN	7.6500012223	97.9162	7.8100	
4	132 Anninford F	zero	12/07/22	25.0000	5.9500
5	161 Balfin	6%	12/07/03	111.2300	5.9500
6	162 Fin Resid	11.1240020356	102.0257	6.5700	
7	173 Britain	12.07000	105.6100	7.5800	
8	176 Britain	7.116001	105.8900	6.6100	
9	195 Fannie Mae	4%	04/07/22	104.8750	5.4000
10	199 Britain	7.040702	107.4000	6.5200	
11	214 H Edu Sec FRN	7.3528042428	94.6279	7.7700	
12	217 Condit	zero	12/10/04	100.2285	0.0000
13	236 Tmc Pl	7.5422012879	16.2330	4.7200	
14	241 Tmc Pl	7.4372043029	21.4977	3.4700	
15	246 All & Linc	zero	12/11/02	99.6900	0.0000

Rank	Name	Cpn	Maturity	Price	Cr Yld
1	Danish Krone				
2	29 Denmark	7	11/15/07	120.6000	5.8300
3	34 Denmark	8	01/15/09	114.0500	5.2400
4	37 Denmark	8	05/15/03	111.4300	5.7100
5	43 Denmark	6	10/01/22	100.2100	5.1000
6	46 Denmark	6	11/15/01	111.1900	
7	47 Denmark	6	12/15/09	101.2000	5.6000
8	48 Denmark	6	01/15/02	111.4500	5.4000
9	49 Denmark	6	11/15/04	112.7400	5.4000
10	50 Denmark	7	12/15/04	115.4500	5.4000
11	155 Denmark T	zero	01/15/02	97.2500	4.0500
12	156 Denmark	6	11/15/02	111.4500	5.4000
13	154 Denmark	4	02/15/01	100.3000	3.9000
14	170 R Denmark	6	10/15/29	97.2500	6.1700
15	173 Norway	6	12/15/29	97.2500	6.1700
16	203 Denmark	5	08/15/05	105.3000	4.7500

Rank	Name	Cpn	Maturity	Price	Cr Yld
1	Deutsche Mark				
2	1 Germany	6	07/04/07	115.4000	5.2000
3	2 Germany	6	02/22/02	115.2800	4.9200
4	3 Germany	5	01/04/08	110.2600	4.7500
5	4 Germany	5	01/04/08	110.2600	4.7500
6	5 Germany	4	07/04/08	107.5900	4.1000
7	6 Germany	4	07/04/08	102.0400	4.0400
8	7 Germany	4	01/02/22	111.4500	5.4000
9	8 Germany	3	09/15/00	100.1700	3.2400
10	9 Germany	8%	12/20/00	110.9800	6.0000
11	10 Germany	8%	12/20/00	110.9800	6.0000
12	11 Germany	6%	05/15/03	104.4900	4.2300
13	12 Germany	9	10/20/00	110.2500	6.1600
14	13 Germany	6%	01/04/02	114.6500	4.9000
15	14 Germany	7%	09/01/02	115.9500	6.2000
16	15 Germany	6%	01/03/05	120.6300	6.1400
17	16 Germany	4%	01/14/05	116.6400	5.7000
18	17 Germany	6%	02/15/05	118.0100	5.8300
19	18 Germany	6%	07/04/27	116.3800	5.1400
20	19 Germany	4%	01/17/99	100.4000	3.9700
21	20 Germany	4%	01/17/99	101.7000	4.2000
22	21 Germany	4%	07/15/03	112.8800	5.7600
23	22 Germany	4%	01/04/02	114.6500	4.9000
24	23 Germany	7%	09/01/02	120.1200	6.2400
25	24 Germany	4%	08/15/02	104.5000	4.3200
26	25 Germany	4%	01/15/02	101.4000	4.7400
27	26 Germany	5%	05/15/00	103.8000	5.6700
28	27 Germany	4%	04/26/06	115.8100	5.3900
29	28 Germany	4%	01/17/02	103.8800	4.2300
30	29 Germany	4%	01/17/02	114.5900	6.4400
31	30 Germany	4%	01/04/22	121.2200	5.1200
32	31 Germany	6%	09/15/03	111.4900	5.3800
33	32 Germany	4%	02/01/01	113.0212	7.4800
34	33 Germany	4%	09/15/03	104.4100	4.3100
35	34 Germany	4%	06/16/00	101.2600	3.9500
36	35 Germany	4%	01/15/00	101.7000	4.2000
37	36 Germany	4%	04/23/03	112.7500	5.7900
38	37 Germany	4%	03/17/00	101.0911	3.9600
39	38 Germany	4%	07/15/04	116.1300	5.8100
40	39 Germany	4%	11/20/01	104.2400	4.5000
41	40 Germany	7%	11/11/04	120.6730	6.2200
42	41 Germany	5%	04/16/99	99.0098	3.0700

Rank	Name	Cpn	Maturity	Price	Cr Yld
1	Dutch Guilder				
2	43 Netherlands	5%	07/15/08	110.1000	4.7700
3	52 Netherlands	8%	04/15/01	111.1500	7.4500
4	57 Netherlands	5%	01/15/01	111.3800	8.8800
5	61 Netherlands	4%	04/15/10	130.4500	5.7500
6	62 Netherlands	5%	11/15/05	117.2900	5.7000
7	63 Netherlands	4%	02/15/07	112.3400	5.1000
8	64 Netherlands	6%	01/15/23	139.4500	5.3800
9	65 Netherlands	7%	02/01/06	122.0500	6.3500
10	66 Netherlands	4%	04/15/03	111.9900	5.8100
11	67 Netherlands	5%	01/15/04	111.9900	5.2200
12	68 Netherlands	7%	08/01/06	122.0500	6.3500
13	69 Netherlands	5%	09/15/02	108.2000	5.3100
14	70 Netherlands	7%	10/01/04	118.6500	6.1100
15	71 Netherlands	5%	01/15/05	115.5500	5.5000
16	72 Netherlands	8%	04/15/07	129.5500	6.1400
17	73 Netherlands	9%	11/30/00	110.4000	8.2800
18	74 Netherlands	7%	02/15/03	113.1600	6.1700
19	75 Netherlands	7%	04/15/01	101.9700	7.4500
20	76 Netherlands	7%	01/15/00	104.7100	7.2000
21	77 Netherlands	8%	02/15/02	114.4500	7.2100
22	78 Netherlands	6%	05/15/02	107.4800	6.0000
23	79 Netherlands	6%	01/15/04	113.6000	5.9900
24	80 Netherlands	8%	05/01/00	107.2500	8.1600
25	81 Netherlands	7%	07/15/02	102.1900	7.5000
26	82 Netherlands	8%	06/15/00	105.4100	7.8100

Rank	Name	Cpn	Maturity	Price	Cr Yld
1	ECU				
2	31 France	5%	04/25/08	110.4	4.7500
3	57 France BTAN	4%	07/12/03	104.5100	4.3100
4	61 France OAT	7%	04/25/05	121.8750	6.1000
5	62 France OAT	5%	04/25/07	111.9	4.9500
6	74 Spain	5.5000	07/30/99	104.9323	4.9100
7	75 France OAT	4	04/25/09	103.0208	3.8800
8	76 Spain	4	01/31/29	116.3330	5.1600
9	85 France BTAN	4%	07/12/03	103.5400	4.3300
10	86 Sledungs	3%	03/15/04	99.7830	3.6300
11	88 BNG	3%	01/05/04	100.9000	3.7200
12	110 Sweden	5%	01/28/09	116.3000	4.5000

Rank Name Cpn Maturity Price Cr Yld

64 Germany	6%	06/20/07	119.3550	5.0300
68 Treuhand	4 1/4	05/13/04	115.6838	5.8200
69 Germany	7 1/4	10/21/02	113.9275	6.3600
70 Germany	5	05/21/01	104.3599	4.7900
79 Germany	6	02/16/06	112.8614	5.2700
80 Germany	9	01/22/01	111.5844	6.0700
81 Germany	5	08/20/01	104.6243	4.7800
82 Germany	zero	01/15/99	99.7759	2.8600
86 Germany	3 1/2	12/18/98	100.0000	3.5000
89 Treuhand	6%	07/09/03	113.2938	5.8500

Saudi Arabia Girds for Painful New Budget Cuts

Reuters
Battered by low oil prices, Saudi Arabia, the world's biggest oil exporter, is planning out of easy ways to cut spending and is bracing for painful new measures, economists say.

As the government prepares the 1999 budget, there are few signs of a quick recovery in oil markets. Some economists say the budget deficit could rise to 45 billion riyals (\$12 billion) this year, more than double the government's original forecast.

These economists said the opening of the Saudi economy had moved higher in the agenda with the collapse in the price of oil, by far the government's biggest source of revenue.

But the kingdom's economy is still in a state of shock from the collapse in oil prices, which are very difficult to predict, said Prasad Tripathi, resident World Bank economist in Riyadh.

The government has begun restructuring the power industry. It plans to raise some electricity prices and is privatizing the telecommunications sector. A senior banker in the kingdom said that spending on defense contracts with non-Saudi entities had been cut by \$2 to \$3 billion — to about \$5 billion to \$6 billion — and that more cuts were likely in 1999.

Some economists said that new measures could include raising fuel prices and further privatizations.

"Some of these decisions are tough," said Kevin Tackler, an economist at Saudi American Bank. But he also said they could spur economic growth.

In 1998, the government budgeted spending of 196 billion riyals against revenues of 178 billion riyals, leaving a deficit of 18 billion riyals. Riyadh does not reveal what oil price it uses as a basis for budget calculations. The kingdom has oil output of more than 8 million barrels per day.

Some private economists believe that the 1999 budget may be based on a price of less than \$14 a barrel.

With the price of Brent crude, a London-traded world benchmark, touching \$9.60 in December, some unofficial forecasts said the deficit could hit 45 billion riyals, while other estimates suggest 30 billion riyals.

A Saudi British Bank report said that with a moderate oil price rise next year, which is far from certain, the 1999 deficit could be 32 billion riyals. Mr. Tackler said that reining in spending could reduce the shortfall to 15 billion riyals.

Another economist in Riyadh said that government spending cuts alone would not set the economy on the right road.

"This would be a short-term medicine, but what we need is a long-term operation," said the economist, who spoke on condition of anonymity.

He said the government had already

resorted to some relatively easy options, such as announcing price rises for big electricity consumers while leaving smaller consumers untouched.

The government has little room for maneuver on the budget because wages of government workers make up a large proportion of outlays. Also, any cuts in the generous social welfare benefits would be sensitive, some observers said, because many Saudis see their limited say in political matters as an acceptable trade-off for economic comfort.

"We will do our utmost so as not to overburden our citizens, especially those of limited or medium income," Crown Prince Abdullah ibn Abdulaziz said in November.

But he also told Gulf Arab leaders in December in unusually frank comments, "We must all get used to a different way of life, which does not stand on total dependence on the state."

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Ruhrgas Wins Gazprom Stake With a Bid of \$660 Million

Compiled by Our Staff From Dispatches
MOSCOW — The cash-strapped Russian government got a welcome infusion of funds when Ruhrgas AG of Germany agreed to pay \$660 million for a 2.5 percent stake in Gazprom, the country's natural gas giant.

Igor Shuvalov, head of the Federal Property Fund, said after the bid was awarded on Saturday that most of the proceeds would be injected into the federal budget.

Mr. Shuvalov said Ruhrgas had held off a challenge from a Russian company identified only as Interoil Finance Ltd., the only other bidder. Its offer of \$651 million matched the government's starting price for bids,

the Interfax news agency said.

Mr. Shuvalov said he expected the sale agreement to be signed Monday. Interfax added. Ruhrgas must retain the stake for five years.

The announcement broke a sequence of delays and cancellations in the government's privatization program this year, which has suffered a series of setbacks since the financial crisis started in mid-August.

The authorities have already scaled back plans to sell 5 percent of OAO Gazprom, and have shelved attempts to sell RAO Rosneft, the last major Russian integrated oil firm in state hands, after two auctions failed.

(AFP, Reuters)

OIL: New Technology and Supplies Provide Boon to Consumers

Continued from Page 13

posed a series of emergency spending cuts. As a percentage of the country's gross domestic product, the oil industry will shrink to 6 percent this year, down from 8 percent last year.

Mexico's budget-cutting measures have contrasted with measures taken in Venezuela, where generous public-sector wage increases exacerbated the government budget deficit. The president-elect, Hugo Chavez, who is due to take office in early February, campaigned on populist economic policies that most analysts believe Venezuela cannot afford with current oil prices.

Why has the bottom fallen out of the oil market?

The biggest change has been the growth of crude oil production from the Caspian basin to West Africa, from California to China.

"With the Iron Curtain down, the West now has access to huge supplies in Kazakhstan and Azerbaijan never before available, which rival the Saudi reserves," says a report by Salomon Smith Barney's research department.

The former Gulf Oil operations in Angola, now part of Chevron Corp., produce five times as much oil as they did 40 years ago. Venezuela has brought on heavy oil production.

New technology has made exploration cheaper and has opened up new frontiers.

"The industry has reduced the cost of producing oil by 50 cents to \$1 a year for the past 10 years," Mark Moody-Stuart, chairman of the Royal Dutch/Shell Group, said in an interview this fall, referring to the cost of a barrel. As a result, he said, increasing amounts of "high-cost reserves have come into production."

One example of the impact of new technology is the Troll oil field, which lies beneath rock and 300 meters (1,000 feet) of water in the Norwegian North Sea. Just a few years ago, Royal Dutch/Shell complained that the oil in the field was contained in a reservoir too broad and thin to be economically viable. At the time, oil companies drilled wells

vertically and Shell would have needed to build several costly platforms to exploit the Troll reservoir.

Today, however, new horizontal drilling technology has made Troll's oil reserves more accessible. Production started in 1995 and, from just two platforms, has reached 250,000 barrels a day. Norwegian officials say the field eventually will produce a billion barrels of oil.

New technology is also moderating the growth in demand. Du Pont Co. has devised a plastic made from corn instead of petroleum products. The hybrid battery-and-fuel car is getting closer to reality. Boeing designed its 777 aircraft with computer technology, saving the cost of physical models and tests and coming up with a product that is 30 percent more energy-efficient than its predecessors.

One huge factor in the declining price of oil over the last year has been the economic crisis in Asia. Charles Ober, a portfolio manager at T. Rowe Price who specializes in energy companies, estimates that the Asian slump has drained 600,000 barrels a day out of world oil demand.

Moreover, he said, the industry and oil-producing countries had been counting on Asia to grow quickly, providing 42 percent of the increase in oil demand over a five-year period.

In that kind of market, oil companies have been competing hard for customers. The profit margin for refining a barrel of oil has narrowed to \$2.07 on the United States' Gulf of Mexico coast and to just \$1.50 in Singapore, Mr. Ober said. And lower crude oil prices are starting to squeeze production profits, too.

That is one reason the world's biggest oil companies have been merging and slashing overhead. The only frontier left to explore for profit growth seems to be within the companies themselves.

Royal Dutch/Shell said it would lay off thousands of workers, write off \$4.5 billion in assets and trim costs by \$2.5 billion a year in an attempt to clean up its balance sheet, increase return on equity and placate analysts.

Exxon Corp. and Mobil Corp., the two biggest spin-offs of the infamous Standard Oil trust in 1911, agreed to merge largely to save roughly \$2.8 billion a year by eliminating overlapping staff and expenses.

Companies have sharply reduced their assumptions about future oil prices. Royal Dutch/Shell recently cut its five-year forecast for Brent, the benchmark crude oil for the North Sea, to \$14 a barrel, down from a forecast of \$18 a year earlier.

Nonetheless, many analysts caution against assuming that prices will continue at current levels.

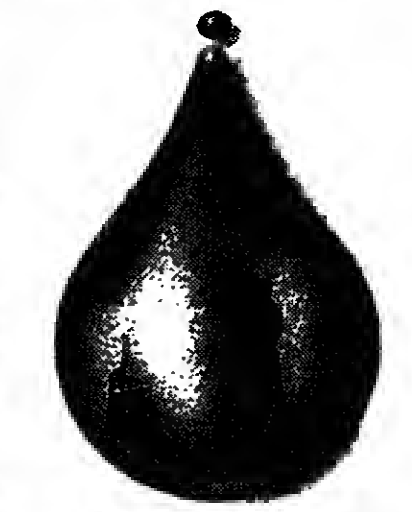
The slump in oil prices has galvanized the members of the Organization of Petroleum Exporting Countries, or OPEC, to attempt to curtail their production. Oil officials from Venezuela, Mexico and Saudi Arabia met last week in Spain, and Saudi officials then flew to Norway, a key non-OPEC producer.

Mr. Moody-Stuart, the Royal Dutch/Shell chairman, said three months ago that OPEC's "ambitions have sunk" and "they'd be very happy with \$17 oil." Today, the ambitions might be even more modest, but it remains unlikely that the group will be able to solve its perennial disputes over quotas and cheating by members.

Kuwait and Saudi Arabia are weary of sacrificing their own production while other OPEC members produce close to capacity. In November 1997, Saudi Arabia raised its production quota by 800,000 barrels a day despite steep price cuts.

The once-powerful cartel produces 29.9 million barrels a day, barely 40 percent of world oil and more than the 27.3 million-barrel-a-day quota its members agreed to implement in an effort to drive up prices. Venezuela and Iran are widely believed to be cheating on their quotas and producing more.

Iraq produced 2.45 million barrels a day in November under the United Nations food-for-oil program, said Todd Bergman, an oil analyst at Goldman, Sachs & Co. That was a million barrels a day more than Iraq produced a year earlier, further flooding the weakened



oil markets, Mr. Bergman said.

Even if OPEC manages to squeeze its production enough so that world oil demand outstrips output, it will still take time to whittle down world oil stocks. Mr. Bergman estimates that there are 175 million barrels of oil inventories in excess of normal operating stocks. Mr. Ober estimates the extra inventory to run as high as 250 million barrels. Either way, it will take anywhere from six months to a year for markets to tighten and prices to rise substantially, the analysts say.

Despite the oil slump, European consumers have noticed relatively little change in retail gasoline prices, which consist mostly of steep taxes. Britain, despite hefty crude oil production from the North Sea, makes more money in retail gasoline taxes than from oil-production revenue.

"OPEC producers are deeply frustrated," Mr. Moody-Stuart said in late September. "They produce oil at \$15 a barrel and consuming countries tax it at \$100 a barrel. Italy makes more money on oil than Saudi Arabia does."

SHORT COVER

Cathay Moves to Reduce Staffing Costs

HONG KONG (Reuters) — Buffeted by the Asian economic crisis, Cathay Pacific Airways Ltd. said Sunday it had offered crew members one month to choose among three options: voluntary retirement, a 3.5 percent wage increase for 10,000 hours or maintaining the same status.

David Turnbull, chief executive of the airline, said recently that 1998 had been a devastating year in revenue terms, and that there was no sign of an immediate improvement in its outlook. But a company spokeswoman said Cathay had no plans to lay off any of its 4,000 crew members. Cathay's flight attendants' union was quoted in the Sunday Morning Post as saying the extra work hours and a new formula for calculating overtime meant a real wage reduction of 9 to 15 percent.

Thomson-CSF Plans to Cut 4,000 Jobs

PARIS (AFP) — Thomson-CSF, the French defense-electronics company, plans to eliminate about 4,000 jobs as part of a three-year restructuring plan.

The restructuring announced on Friday is part of a plan launched in the autumn by the new management of the company, which was privatized in June. The company employs about 50,000 workers, and management has sought to minimize the impact of the planned job cuts. It has said that there will be no "outright" layoffs and that "several hundred" jobs already eliminated since the autumn were included in the figure given Friday. A quarter of the 4,000 jobs concerned by the cuts will be in the European subsidiaries of Thomson-CSF. The company has predicted a loss of about 1.5 billion French francs (\$270 million) for the current year.

GEC to Make a Decision on Future 'Soon'

LONDON (Reuters) — The British electronics company General Electric Co. said Sunday it would decide soon about its future as speculation mounted about the future relationship between GEC, British Aerospace PLC and DaimlerChrysler Aerospace.

A spokesman for GEC said the company had been in "intense discussions" with several major participants in the global defense industry. "Discussions are continuing and GEC still expects to make a decision on its future strategic course soon," he said.

Moody's Sees Better Prospects for Seoul

SEOUL (AFP) — Moody's Investors Service Inc. said Saturday it planned to review for a possible upgrade South Korea's sovereign credit ratings because of its "vastly improved" external liquidity position.

Finance Ministry officials said a team from Moody's was expected to visit Seoul early next year before upgrading the credit ratings from the current "non-investment" grade to "investment grade."

Asian Airlines Face Long Crisis, Report Says

Agence France Press
SYDNEY — Despite some hopeful signs, Asia's airline industry will remain in crisis well into the next decade, according to a report released Sunday by the Center for Asia Pacific Aviation.

"The unique feature of this crisis is not just the depth and breadth of the regional impact, but the consequential time lag before things get better," the center's managing director, Peter Harrison, said in an end-of-year analysis.

"The original shock was sharp and painful, but the bleeding will continue well beyond 1999," he added.

Airline yields are down by almost 10 percent year-on-year, while debt levels

for many carriers have grown significantly and are unsustainable in the medium term, the report says.

"It makes it extremely difficult to plan out of this situation," Mr. Harrison said. "Capacity has been cut, costs have been shed, but the continued deterioration of yields is spreading like a cancerous growth."

The report also highlights that economic growth rates, a major factor in travel volume, are forecast to fall in many Asian countries, several into negative territory. Excess capacity is also plaguing routes despite order deferrals and five sales of new and used aircraft, while more airlines than ever are on the market.

"If aviation is a consistent barometer

of economic development, and it generally has been in the past, these signs are clearly ominous for an uncertain world economy," said Mr. Harrison. "For this reason, basic change is inevitable and conventional cost-reduction methods cannot be adequate to stem the flow."

The monitor says there will be a rapid acceleration in the role of strategic airline alliances, fueling a consolidation process of cross-border mergers.

Further collapses such as that of Philippine Airlines were the alternative, it warned, adding that fear of substantial losses was now driving decision-makers.

The Center for Asia Pacific Aviation is an airport and aviation research and consulting group based in Sydney.

AIRLINE: Philippine Carrier Is Hoping for a Miracle to Survive

Continued from Page 13

Philippine Airlines will be an acid test for the movie-star-turned-politician, who has been in office for six months. Mr. Estrada, 61, may find it hard to help a friend in need, even if it reinforces the image of the Philippines as a den of crony capitalism.

"It's going to be very tough for Estrada," said Christian Monzon, former chairman of the Philippine Election Commission and a consultant to the Lopez Group, a Filipino conglomerate.

"He is very loyal to his friends, and he would like to repay his political debts," Mr. Estrada's decision will be watched carefully in other Asian capitals, which are grappling with similar issues. In Indonesia, the government has refused to aid companies with ties to its fallen president, Suharto. But in Malaysia, Prime Minister Mahathir bin Mohamad has continued to pump public money into private companies.

In the spartan offices of Philippine Airlines, senior executives insist they can go it alone. On Dec. 7, they submitted a rehabilitation plan to the Philippine Securities and Exchange Commission, that would turn PAL from a sprawling national airline into a compact carrier focused on profitable routes.

The airline said it would prune its fleet, which was aggressively expanded in the years leading up to the Asian economic crisis, to 22 planes from 57. It would cut its domestic routes to 17 from 20 and its international routes to those in Los Angeles and San Francisco.

The trouble is, the finances do not add up. The airline says it needs \$150 million in fresh capital to overhaul its operations and begin paying off its debt. Mr. Tan and other shareholders will

come up with \$90 million, and the rest would come from new investors.

After the collapse of the talks with Cathay Pacific, analysts said they doubted that Philippine Airlines would find a white knight. Jaime Bautista, chief financial officer of the airline, conceded that the carrier was not talking to any other airlines, though he has retained Chase Manhattan Bank to scour the world for potential partners.

In the meantime, Mr. Bautista said, he saw nothing wrong with the government throwing the airline a few favors.

"A national flag carrier is very important to a country," said Mr. Bautista, an amiable man whose punishing work schedule has made him look a good deal older than his 41 years. "Governments have always been there to help."

Mr. Tan declined to be interviewed. But Mr. Bautista said the airline deserved help because his boss had been treated unfairly by the government. In truth, Mr. Tan's experience is more a case of ending up on the wrong side of history. Under the Marcos regime, he made a fortune in the cigarette and beer businesses — in no small part through government tax breaks.

But after Mr. Marcos was ousted in 1986, Mr. Tan got a chilly reception from his successors, Corason Aquino and Fidel Ramos. The now 64-year-old tycoon was hit with a \$1 billion tax-evasion lawsuit that was finally dismissed by the Supreme Court in 1996.

And he no longer enjoyed preferential treatment.

None of this stopped Mr. Tan from adding to his empire. He first invested in Philippine Airlines in 1992 and won control in 1996.

But Mr. Ramos, who was intent on privatizing the economy, opened the industry to competition, licensing rivals

like Air Philippines, Cebu Pacific and Grand Air.

Mr. Bautista said the new airlines competed with Philippine Airlines on profitable routes, like flights to the resort island of Cebu.

But the government required the airline to continue serving money-losing "missionary routes" — outposts in this vast archipelago where the planes often fly empty.

Mr. Bautista said the government also allowed foreign carriers to increase flights to Manila, enabling them to undercut PAL's fares.

Last week the airline asked the Estrada administration to cut back the flights open to foreign carriers to pre-Ramos levels.

Eduardo Espiritu, the finance secretary, said the government would probably grant the request to reverse the "unhealthy actions" of the previous administration.

Mr. Magno said these protections "would restore PAL to monopoly status."

The government is not stopping there. Mr. Espiritu has asked several government-affiliated banks to make bridge loans to Philippine Airlines. The president of the Philippine National Bank, which is already owed \$81 million by the airline, has resisted the idea. But the government is the bank's largest shareholder, with a 45 percent stake, so he may have little choice.

Still, it is not clear that cash alone will solve the problem.

Analysts said Philippine Airlines was being choked by a bloated payroll. The airline has trimmed its ranks from 12,986 employees to 8,589 since May. But analysts said it would have to cut that to 2,000 to compete with more efficient carriers like Cathay Pacific or Singapore Airlines.

IN THIS WEEK'S DOUBLE ISSUE

- Business Week's Investment Outlook
- Why Shell needs to step on the gas
- Baan Co. — the highflyer who fell to earth



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Figures as of close
of trading Friday, December 18

Figures as of close
of trading Friday, December 18

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This table shows the performance of *Monoclonal* funds through *Fundrise* and includes the top funds in terms of assets. There are roughly 6,150 funds currently listed on *Monoclonal*:

Group names are shown in bold face, with individual funds in each group indented below. Funds that are part of a group are not indicated.

NW is the net asset value, i.e. the portfolio value divided by the number of shares outstanding, as reported by the fund's *NW* statement. NW does not take into account sales or redemption charges. Changes show the variation from the previous Friday.

Name field footnotes: 1 - available only through contractual plan; 2 - no front-end load or contingent deferred sales load; 3 - fund assets are used to pay distributions; 4 - no front-end load or contingent deferred sales load may apply; 1 - footnotes p and q.

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SPORTS

Soccer Official Denies Bribe Allegation

Compiled by Our Staff From Dispatches

LONDON — Graham Kelly, who resigned last week as the head of the governing body of English soccer over an unauthorized £3.2 million loan to the Welsh soccer federation, said Sunday that the payment was not a bribe.

The payment, equivalent to \$5.3 million, has been widely interpreted as a monetary incentive to gain a Welsh vote in Wiseman's favor for election to the executive committee of FIFA, the governing body of world soccer.

Kelly, the former chief executive of the English Football Association, acknowledged that he and Keith Wiseman, the association's chairman, promised the money to the Welsh without telling the rest of the panel's executive committee.

But he said the payment was simply in keeping with the English association's policy of helping out poorer soccer federations — all countries with seats on FIFA's ex-

ecutive committee. The Mirror said Argentina was included in an exchange program for players and that its teams were invited to a youth tournament in England.

"A bribe to me is somebody slipping something into somebody's back pocket and then they go away and stash it in the Bahamas," Kelly said. "I went into it with the very good intentions of trying to seek to strengthen England's position in world football generally and in connection with the World Cup 2006 campaign."

"With hindsight it would have been better to come up front with it much more quickly than we did."

The English policy of helping other soccer nations came under scrutiny Saturday when the Daily Mirror, a British tabloid, listed some of the countries that the English association has been helping.

The Mirror reported that the association had deals with Argentina, Mali, Botswana and Cameroon — all countries with seats on FIFA's ex-

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Amid Scandal, IOC Chief Faults Selection Process

The Associated Press

GENEVA — Juan Antonio Samaranch, president of the International Olympic Committee, said the IOC would likely find a new way to select Olympic host cities as a result of the widening bribery scandal.

"After this scandal, I believe that the IOC as a whole must accept that the system needs to change and that we can't continue like this," Samaranch said in an interview published Sunday in the Swiss newspaper Le Matin. "We are not happy with the way of selecting organizing cities for the Games."

Samaranch said the Olympic movement should aim to follow the example of other large sports federations, which leave major decisions to their executive committees rather than to the full membership.

"But it's not easy to ask members to agree to cut off their own heads," he said. He said it was possible for IOC members to give their 11-member executive committee special powers.

Samaranch said the investigation into wrongdoing by Salt Lake City, the host for the 2002 Winter Games, should be completed by Jan. 23 and would be discussed at a meeting that day. Salt Lake City Olympic organizers have promised an independent inquiry into the scandal involving scholarship payments made to relatives of some IOC members by local officials during the Utah city's successful bid to host the 2002 Games.

The U.S. Olympic Committee has suggested opening its own investigation. Meanwhile, Olympic sponsors have urged officials to fix the problems that threaten to tarnish the image of the event they pay so much to sponsor.

"We've expressed our concerns to the International Olympic Committee and they assured us they will take swift and decisive action and we will monitor them to ensure that," said Ben Deutch, a spokesman for Coca-Cola Co., a longtime Olympic sponsor.

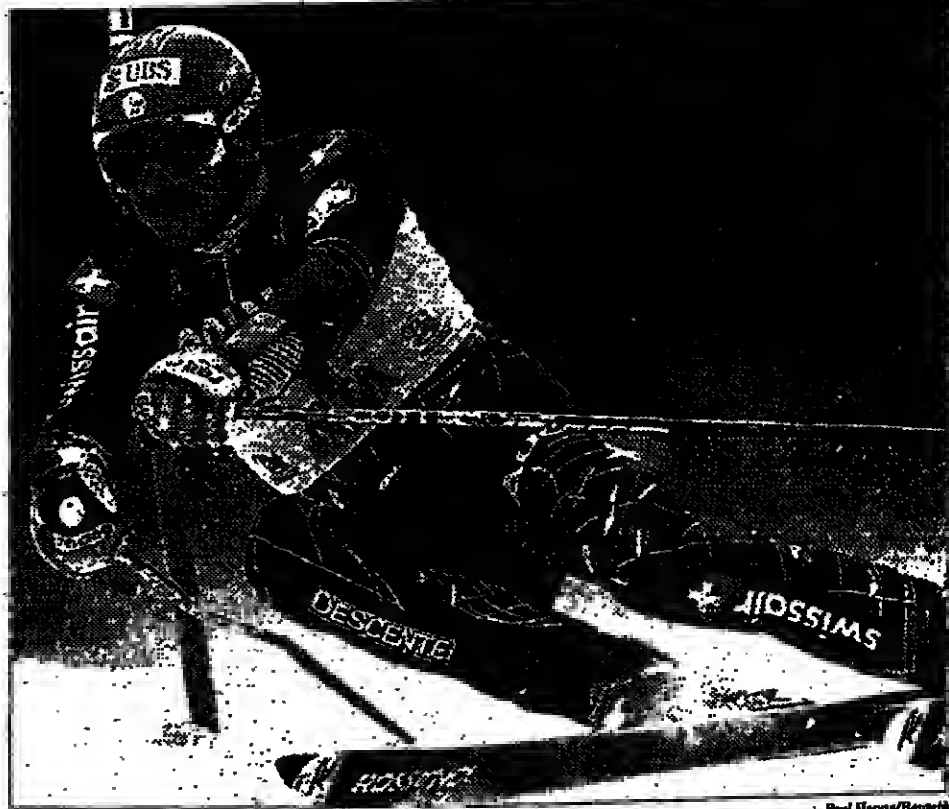
Bill Berry, a spokesman for Delta Air Lines, a sponsor of the Salt Lake City Games, said: "As an Olympic sponsor, we are very concerned that the Olympics keep the proper perspective, and any allegation raises a concern."

Suhel Attarabulsi, son of a Libyan IOC member and a student at Utah Valley State College, told a newspaper his father would overrule his vote. He said checks for tuition and books from the scholarship fund stopped coming two weeks ago. "People think it is bribery," Attarabulsi, 26, was quoted as saying in Saturday's Desert News. "For us as Muslims, it is forbidden and we would not accept that. My dad, he knows God is watching him all the time."

On Saturday, the Salt Lake City Tribune reported that the Salt Lake City Olympic Committee spent nearly \$10,000 on six Browning shotguns and rifles for people associated with the Olympics.

The firearms and other items — including a shotgun that would retail for nearly \$3,000 — were bought from July 1993 to May 1995 at approximately wholesale prices. Tom Welch, the bid committee's top executive, an avid hunter, has acknowledged that he gave gifts such as shotguns and skis to visiting IOC members.

The IOC has reassured Salt Lake City organizers that the 2002 Winter Games will stay in Utah.



Michael Von Gruenigen sweeping through a gate in the giant slalom Sunday.

Roten Gives Swiss Women A Rare World Cup Victory

Reuters

VEYSONNAZ, Switzerland — Swiss skiing fans were finally able to jangle their cowbells in celebration Sunday when Karin Roten won a World Cup slalom and ended two years of disappointment for her country.

Roten won on home snow in Veysonnaz, ending a drought for Swiss women that stretched back to January 1997 when Heidi Zurbiggen, now retired, won a downhill in Cortina D'Ampezzo, Italy.

Michael Voo Gruenigen capped the day for Switzerland when he skied a superb second run to win the men's World Cup giant slalom in the Italian resort of Alta Badia.

Roten, who held a slim 0.23 second first-leg advantage over Kristina Koznick of the United States, charged down the Pisté d'Ours course in the second run to register a combined time of 1:28.81. She crossed the finish line to the clang of cowbells and wild cheers from the success-starved Swiss ski fans.

Koznick finished a half-second behind in 1:29.31. Anja Paerson, a 17-year-old Swede, was third in 1:29.62. Paerson was eighth after

the first leg but, displaying the cool of a seasoned veteran, produced the third-best time of the second run.

Von Gruenigen, the 1997 giant slalom world champion, finished in a total time of 2:41.01 for the two runs. It was his first World Cup victory of the season.

"This course was made for me," Von Gruenigen said. "It had all of the fast, technical turns that I like."

Patrick Holzer of Italy, the leader after the first leg, clung to second place in 2:41.77 to gain his first top-three finish since 1992. Lasse Kjus of Norway finished 10th but kept his lead in the men's overall standings.

In Saturday's men's World Cup downhill in Val Gardena, Italy, Kristian Ghedina of Italy won the race and Jean-Luc Cretier, the French Olympic champion, crashed. "I know that my career is almost certainly over," Cretier said.

In Veysonnaz on Saturday, Alexandra Meissnitzer of Austria won her first World Cup downhill of the year and her fifth victory in all World Cup races this season.

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